



Daily Report

East Asia

FBIS-EAS-95-202
Thursday
19 October 1995

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Pacific Rim Tax Officials Meet in Japan

*OW1110012895 Tokyo KYODO in English
0050 GMT 11 Oct 95*

[FBIS Transcribed Text] Nara, Japan, Oct. 11 KYODO — Top national tax officials from four Pacific Rim states opened their annual conference Wednesday [11 October] in western Japan to discuss schemes to avoid double taxation and measures to curb tax evasion.

During the three-day meeting in the ancient Japanese capital of Nara, the tax administrators from Australia, Canada, the United States and Japan will focus on the transfer pricing taxation system, which is designed to prevent corporations from transferring income to subsidiaries abroad in order to escape high tax rates at home.

The system, which is used by most industrialized countries, was introduced in Japan in 1986.

The officials will also discuss other international tax issues and the latest trends in tax administration.

The meeting of the Pacific Association of Tax Administrators has been held annually since 1979. At last year's conference in Sydney, the tax authorities of the four countries agreed to introduce a scheme that will prevent double taxation on corporate income of companies with overseas subsidiaries.

ROK Urges Stronger Japanese APEC Role

*OW1210114895 Tokyo KYODO in English
0934 GMT 12 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 12 KYODO — Japan, as chair of this year's Asia-Pacific Economic Cooperation (APEC) forum session, should take a stronger lead in getting APEC members to resolve differences over farm trade, the chief of the South Korean APEC delegation said Thursday [12 October].

Pan Ki-mun, deputy foreign minister for policy planning, said in an interview with KYODO NEWS SERVICE that he strongly advised Japanese officials that "it's high time for Japan, as chair, to demonstrate leadership to get things moving."

APEC talks in Tokyo have come to a stalemate over the principle of "comprehensiveness" calling for free trade accords to be applied to all industrial sectors without exception.

In high-level sessions in Tokyo on Monday and Tuesday, Japan, China, Taiwan and South Korea repeated their demands that agriculture be excluded from the principle, while farm produce-exporting members like the United States and Australia refused to agree to any exceptions.

Pan, Seoul's ambassador in charge of APEC affairs, said agriculture should be given special treatment in the controversial APEC principle, citing "the inherent limitation" that the farm industry has, such as land.

"Within 20 or 30 years, you may not improve much in the agriculture industry. But you can improve a lot in a relatively short period in the computer, textiles and automobile industries," he said. "So we want to have some differential treatment in the agricultural sector."

The comprehensiveness principle, along with eight other principles, is expected to be included in the action agenda, a set of guidelines meant to achieve APEC's declared goal of free and open trade and investment by 2020.

These guidelines, currently being fine-tuned by Japan and the 17 other APEC economies, will be adopted by their leaders during the APEC summit in Osaka on Nov. 19.

The third draft of the action agenda, which formed the basis for the high-level Tokyo meeting, says, "the APEC liberalization and facilitation process will be comprehensive..."

But another principle categorized as "divergent conditions of APEC economies and economic sectors" says, "flexibility will be exercised in allowing different treatment of economic sectors in the liberalization and facilitation process, taking into account the sectoral specificity in each member economy."

In the Tokyo session, the last high-level meeting before the Osaka meeting, members other than Japan and the three other economies are said to have proposed the deletion of the diversity principle from the draft.

The South Korean ambassador said the elements of "different treatment of economic sectors" and "sectoral specificity" should be kept intact in the final version of the action agenda.

"Without the two elements, it is just not acceptable. This is our bottom line," Pan said.

He urged Japan to "take very creative and imaginative leadership" to resolve the issue.

"You can't always just take an objective and neutral position. At the time of deadlock, you should try to make something — a practical and workable solution," Pan said.

Pan said Seoul basically opposes revision of the wording of the diversity section of the action agenda.

"But if it is absolutely necessary to have a revision in language, we will look at it," he said.

Japanese APEC officials have hinted at such a possibility in a recent briefing to reporters.

The Tokyo high-level meeting is continuing until Friday on the less controversial issue of economic cooperation among APEC members.

Pan said heads of APEC delegations will meet Thursday night to find ways to settle the issue of the comprehensive principle.

"After the Tokyo session, active consultations may take place," Pan said, indicating the possibility of APEC members holding an additional session before the Osaka meeting.

The current wrangling over the key issue is casting a shadow over the Osaka APEC summit and raising questions about the leadership of Japan.

APEC Meeting Leaves Farm Issue Pending

*OW1310132095 Tokyo KYODO in English
1232 GMT 13 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 13 KYODO — Senior officials from the Asia-Pacific Economic Cooperation (APEC) forum wound up their five-day meeting in Tokyo on Friday [13 October], with the controversial agricultural issue left to a political decision during the November session in Osaka.

Wrapping up the Tokyo session, Hirotomo Seki, as co-chairman of high-level APEC talks for this year and Japan's ambassador for APEC affairs, said, "we were able to craft a broad framework on almost all APEC fields."

But he acknowledged some pending issues were not settled during the session.

"I hope these issues will be resolved before the Osaka APEC," Seki told a news conference.

The stickiest point shading the success of this year's APEC round, to be chaired by Japan and culminating in the Nov. 19 summit, is whether or not to grant special treatment to agriculture by excluding it from APEC's comprehensive principle calling for uniform application of APEC free trade accords to all sectors.

Conference sources and even APEC delegates to the Tokyo session think the chances of settling the issue before the Osaka meeting have almost dwindled to zero in view of the sharp division between the two camps.

"We have one full month ahead of the Osaka summit. We will do whatever is possible," Seki said.

APEC's talks over the principle of "comprehensiveness" have come to a complete stalemate.

Discussion of the issue was earmarked for Monday and Tuesday while the remaining three days were devoted to the less contentious APEC topic of economic cooperation among APEC members.

On the issue of comprehensiveness, Japan, China, Taiwan and South Korea repeated demands that agriculture be excluded from the principle while farm-exporting members like the United States and Australia reacted strongly against the proposal, saying no exceptions should be allowed.

Japan, as chair of this year's APEC round, is under pressure from both camps to take a stronger lead to break through the situation.

Ban Ki-moon, the head of the South Korean APEC delegation, said, "you (Japan) can't always just take an objective and neutral position."

Australian Trade Minister Bob McMullan said, "I don't think the majority (of APEC members) would accept a proposal suggesting that agriculture should be absolutely excluded."

Japan is trapped between its powerful farm lobby, led by the Liberal Democratic Party — one of the three ruling coalition parties, and the APEC exporting majority.

Asked about the possibility of the Osaka meeting skirting the sensitive issue and leaving it to discussion for next year and beyond, Japan's Seki said, "that's impossible. Such an idea was not even raised in the Tokyo session."

The comprehensive principle, along with eight other principles, is expected to be included in the action agenda, a set of action guidelines meant to achieve APEC's declared goal of free and open trade and investment by the year 2020.

These guidelines, currently under fine-tuning by Japan and 17 other APEC economies, will be adopted by their leaders during the Osaka gathering.

APEC Moves Toward Regional Cooperation

*OW1310123395 Tokyo KYODO in English
1131 GMT 13 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 13 KYODO — The Asia-Pacific Economic Cooperation (APEC) forum Friday [13 October] took a major stride toward devising a framework for economic cooperation among its members, Japanese officials said.

Senior officials from APEC's 18 member economies came up with a set of proposals intended to promote intra-APEC cooperation in 13 areas, after winding up

three days of talks in Tokyo that began Monday, the officials said.

These proposals will be included in action guidelines for economic and technological cooperation which will be finalized by the APEC leaders during their meeting in Osaka on Nov. 19, they said.

"We have reached consensus on almost all of the cooperative areas," a Japanese Foreign Ministry official in charge of APEC affairs told reporters.

The officials said the 13 areas include human resources development, infrastructure improvement, energy, telecommunications information, trade promotion and transportation.

The remainder are tourist, industrial technology, trade and investment data, marine resources, fishery, agriculture and small businesses, they said.

Cooperation in these areas is designed to narrow big gaps in economic development from one APEC member to another, conference sources said.

APEC members agreed to go ahead with Japan's "partners for progress (PFP)" scheme, the officials said.

The scheme was intended for use at the APEC forum as a vehicle for mobilizing aid to the region's less developed economies.

The Japanese foreign ministry first floated the idea during last November's APEC ministerial meeting in Jakarta.

But the proposal was poorly received, as developed economies worried that it would compel them to make payments while developing members were unsure whether it meant they would be getting additional Official Development Assistance (ODA) from Japan.

Critics against the PFP scheme maintained that APEC should not be treated like an aid organization. This forced Japan to revise the scheme in subsequent meetings.

"During the latest meeting, the United States, for example, showed understanding toward the revised scheme," the Foreign Ministry official said.

"We agreed to get the program moving. If something wrong is found in actual implementation, we are ready to take care of it," the official said.

The high-level meeting on economic cooperation followed talks from Monday through Wednesday morning on the more contentious APEC topics of how to liberalize and facilitate APEC trade and investment.

DPRK Not Allowing Measurement of Spent Fuel

*SK1410095895 Seoul KBS-1 Radio Network
in Korean 0930 GMT 14 Oct 95*

[FBIS Translated Text] Hans Blix, director-general of the International Atomic Energy Agency [IAEA], said on 13 October that North Korea had refused to allow IAEA inspectors to measure spent nuclear fuel to clear up discrepancies over plutonium levels.

Director-General Hans Blix, who presented a report on the North Korean nuclear issue to the UN Security Council [UNSC], said the North Korean authorities were giving the IAEA only tolerable cooperation on access to nuclear plants in Yongbyon.

Meanwhile, the high-level talks between the Korean Energy Development Organization and North Korea are scheduled for 16 October in New York. The meeting will focus on the provision of new nuclear reactors to North Korea.

DPRK 'Committed' to IAEA Inspections

*SK1410020795 Seoul YONHAP in English
0200 GMT 14 Oct 95*

[FBIS Transcribed Text] Washington, Oct. 13 (YONHAP) — The State Department, commenting on South Korean press reports that Minister Han Song-yol of the North Korean mission to the United Nations said his country would not allow special inspections of its nuclear facilities, announced Friday that North Korea is committed to undergo the special inspections.

The agreed framework signed in Geneva last October reaffirms the communist country's full compliance with the Nuclear Non-Proliferation Treaty (NPT) and its safeguard obligations, it explained in a press guide prepared for a press briefing.

"The agreed framework requires that North Korea satisfy all International Atomic Energy Agency (IAEA) concerns about the history of its nuclear program before any significant nuclear equipment is supplied for the first light-water reactor.

"In negotiating the agreed framework, we never retreated from our guiding principle that North Korea will have to take whatever steps are deemed necessary by the IAEA, including special inspections to resolve the agency's concerns about past North Korean nuclear activities."

Responding to questions asking whether North Korea made a commitment to the United States to allow special inspections, it simply said, "absolutely."

State Department Spokesman Nicholas Burns said the U.S. Government is confident that North Korea will continue to abide by the terms of the agreed framework, when he was asked about the North Korea situation during a daily press briefing.

Asked if he believes the remarks a North Korean army officer who recently defected to South Korea made about the North's aggressive military preparations to attack U.S. troops in the South. He replied, "That sounds like a fantastic and improbable story."

As for North Korea's political situation, he noted North Korea is a closed society and said, "We simply don't know... with any degree of confidence... who will be up and who will be down in the politburo."

KEDO Rejects DPRK Demand for More Money

*SK1410144795 Seoul KBS-1 Radio Network
in Korean 1400 GMT 14 Oct 95*

[Report by correspondent Yi Kwang-chol from New York]

[FBIS Translated Text] In its Executive Council meeting held today in New York, the Korean Peninsula Energy Development Organization [KEDO] decided not to accept the North Korean demand, which goes against international practice.

Delegates from the ROK, the United States, Japan — member states of the KEDO Executive Council — have confirmed their final position not to accept the North Korean demand for including additional facilities amounting to \$1 billion in the scope of the provision of light-water reactors, emphasizing that North Korea's demand goes counter to international practice.

Choe Tong-chin, head of the office of planning for the light-water reactor project, clearly stated that regarding the North Korean side's unreasonable demand, KEDO has nothing to concede. He also said that North Korea's request for payment conditions, asking for divided repayment in 30 years with a 10-year grace period, cannot be accepted.

Based on the agreement finalized during today's Executive Council meeting, KEDO will negotiate with North Korea at high-level talks to be held in New York from 16 October.

YONHAP Reviews 16 Oct Reactor Talks

*SK1710075795 Seoul YONHAP in English
0741 GMT 17 Oct 95*

[FBIS Transcribed Text] New York, Oct. 16 (YONHAP) — Senior officials of the Korean Peninsula Energy Development Organization (KEDO) and North Ko-

rea adjourned their second-round talks Monday after confirming a meeting schedule and agenda items. The two sides agreed to resume their meeting Tuesday.

Following the first-day session at the Sheraton Hotel in New York City, the two sides said in a statement issued jointly by their spokesmen, that their meeting proceeded in a sincere, constructive and business-like atmosphere. They also said that they agreed to meet at 10 AM Tuesday.

Cho Chang-pom, a KEDO delegate who participated in the talks, told reporters, "As was the case with the first round of talks held in Kuala Lumpur, both sides have agreed to hold a small-scale meeting with six delegates attending from each side."

The six KEDO delegates will consist of its executive director, two deputy executive directors and one delegate from South Korea, the United States and Japan each.

"Since the current round of talks is scheduled to negotiate the wording of a light-water reactor supply contract, both sides merely presented their basic stances at today's plenary session," Cho added.

Attending Monday's meeting were KEDO Executive Director Stephen Bosworth from the United States, Deputy Executive Directors Choe Yong-chin (South Korea) and Itaru Umezumi (Japan), along with 10 staffers from the KEDO Secretariat, totaling 14 in all. North Korea, meanwhile, was represented at the session by 12 officials, led by Ambassador-at-Large Ho Chong and including Yi Yong-ho, deputy director-general of the Foreign Ministry's America Bureau.

KEDO and North Korea are expected to conduct earnest negotiations beginning Tuesday, discussing major points of contention in the proposed light-water reactor supply contract, such as the scale of subsidiary facilities and the terms of the North's repayment plan.

The second round of high-level reactor talks is tentatively scheduled for conclusion on Wednesday.

KEDO, DPRK Make 'No Progress' at Talks

*SK1910025795 Seoul YONHAP in English
0239 GMT 19 Oct 95*

[FBIS Transcribed Text] New York, Oct. 18 (YONHAP) — The Korean Peninsula Energy Development Organization (KEDO) and North Korea concluded the third day of meetings at the second round of high-level talks Wednesday at the Sheraton Hotel in New York City with no progress made in negotiations on several major points of contention, including the scope of KEDO's provisions in the North Korean light-water reactor project.

Both sides, who originally planned to have a two-day recess before resuming the talks, will instead continue with their negotiations Thursday afternoon, a KEDO official disclosed.

He explained that the matters of determining the scope of provisions, terms and conditions of repayment, nuclear safety standards and three other issues hindered smooth progress of the meeting.

Also scheduled on the agenda for Thursday's meeting were the issues of whether or not to further extend the current round of talks and whether to hold a technical experts meeting along with the senior-level meeting, according to the official.

Burma Interested in Joining Mekong Commission*BK0710130095 Bangkok THE NATION in English
7 Oct 95 pp A1, A3*

[Report by Kunlachada Chaiphiphat]

[FBIS Transcribed Text] Burma has expressed interest in joining the Mekong River Commission (MRC) and has unofficially informed Thailand of its intention to participate in the body's joint working group meeting in Ho Chi Minh City next month, according to an informed source.

The source said the message was channeled through the Thai Foreign Ministry earlier this week, indicating that Rangoon will as soon as possible issue an official letter to underline its willingness to join the Mekong Secretariat, the MRC executive arm.

The message came less than a week after China, which like Burma is an upper Mekong River state that has yet to join the newly-formed MRC, informed the commission it too is willing to join in efforts to achieve joint sustainable development of the river.

The combined show of interest came in response to an August invitation letter issued by MRC joint council chairman Cambodian Deputy Prime Minister Ing Kiet.

The question of China's participation dominated last month's meeting of the Joint Committee (JC) in Bangkok, but according to the sources the same criteria for China's participation will be applied to Burma.

Senior officials from Thailand, Laos, Vietnam and Cambodia — the lower Mekong states — agreed during the Bangkok meeting to invite China to participate in the JC exploratory session in Ho Chi Minh City early next month.

The exploratory session being held after next month's JC meeting is seen as a first step towards the accession of China and Burma to MRC membership. The next step will be to establish a dialogue among the MRC and China and Burma on agreed areas of cooperation.

Foreign Ministry legal experts said new membership requires adherence to rules applied without reservation under an agreement on sustainable development of water resources which gave birth to the MRC body in April.

The agreement allows Burma and China to join at their convenience and on the approval of all four member states, but fails to detail the methodology of joining. According to experts, that would recall a form of protocol — for example, a memorandum of understanding.

Among MRC obligation is the need to share data on current flow and development activities among all riparian states. China was given the text of the MRC framework agreement in April to study.

Nations Discuss Ways To Resolve Spratlys Dispute*BK1210120495 Jakarta KOMPAS in Indonesian
12 Oct 95*

[Unattributed report — received via Internet — italicized passages in English]

[FBIS Translated Text] Balikpapan, KOMPAS — Some participants in a workshop on the South China Sea see the need for social contacts and activities between military commanders in the disputed area. This viewpoint was one of at least 10 points proposed to build mutual trust among countries that dispute ownership of the Spratly and Paracel islands.

Dr. Hasyim Jalal, roving ambassador on maritime law and coordinator of the workshop, said on Wednesday (11 October) that the participants had exchanged views on and discussed various issues to create *confidence-building measures* [CBM] but had not made any decisions. The workshop, *"The Sixth Workshop on Managing Potential Conflicts in the South China Sea,"* is being attended by representatives from 12 countries.

CBM

Dr. Hasyim said the participants also proposed the joint development and immediate implementation of various projects and reaffirmation that force would not be used to settle the dispute. The non-use of force was contained in an eight-point code of ethics proposed by China and the Philippines.

In the fifth point, the participants raised the need to use the International Convention on the Law of the Sea to settle the dispute. The sixth point contains a prohibition on the expansion of any military presence.

The seventh point calls for the discontinuation of military exercises in the disputed area. The eighth point, Dr. Hasyim said, calls for more frequent scholarly exchanges between South China Sea countries. The ninth point calls for various existing CBM proposals to be studied and for their possible application in the South China Sea. The last point calls for maintenance of the status quo in the area.

Based on information gathered by KOMPAS, the discussions on CBM were interrupted for about half an hour by an argument over Taiwan's official name. The heated argument occurred because China objected to the official name of Taiwan in some documents. According to China, Taiwan's official name is Chinese

Taipei or *"Taipei Common China"* [as received]. Taiwan countered the Chinese objection, and an argument soon erupted between China and Taiwan. As in the previous year, the debate over CBM was more heated than the one over technical cooperation.

According to Dr. C.F.P. Luhulima of the Indonesian Institute of Sciences, the participants should also make recommendations on CBM to their respective governments.

Mechanisms of Cooperation

Dr. Hasyim said the participants also discussed three other subjects in addition to CBM. The first was mechanisms of cooperation in the South China Sea. "This deals with implementing various proposals." We decided in 1993 to set up a secretariat to handle various activities.

Nevertheless, there was a consensus to continue the existing mechanism and give Dr. Hasyim the mandate to become a coordinator. He said jokingly that some participants objected to the term coordinator and wanted it to be replaced with the term *"obedience servant."*

According to a KOMPAS source, a number of proposals emerged. Some participants proposed the use of the cooperation fora under the existing mechanism or the setting up of a permanent secretariat and subgroups. The participants finally agreed to use the current mechanism.

Professor Kuen Chen-fu of Taiwan said in a press statement that he disagreed with the idea of setting up of a secretariat. He regarded the attempt as a manifestation of Canada's desire to maintain its presence in the forum so that participants would rely on it.

Under the existing mechanism, Dr. Hasyim will ask each country to name delegates to sit in cooperation fora such as a forum on cooperation in researches on biodiversity. Such representatives could be from government agencies or other bodies. They will hold meetings to implement projects that have been agreed upon.

The second subject deals with how to implement cooperation projects, as well as who will be invited to and coordinate the projects, including seeking funds.

Coordinator Dr. Hasyim has been given the mandate over the matter.

The third subject deals with the future activities of three groups on technical cooperation — on marine research, a data base, and an exchange of information — and on the establishment of a network to monitor the sea level and tides.

The Philippines and Taiwan wanted to host a meeting of the group on marine research. China, however, objected to Taiwan becoming the venue. Relations between China and Taiwan are, in fact, a sensitive point during any discussions; therefore, caution has to be taken.

Workshop on South China Sea Ends 12 Oct

BK1310115795 Jakarta ANTARA in Indonesian
1757 GMT 12 Oct 95

[FBIS Translated Text] Balikpapan, 12 Oct (ANTARA) — A workshop on managing conflicts in the South China Sea ended in Balikpapan, East Kalimantan on Thursday evening with the issuance of a 16-point statement. The participants agreed to continue confidence-building efforts in the South China Sea.

Sundaru Rakhmad, head of the Foreign Policy Development and Research Agency and chairman of the organizing committee of the workshop, said the three-day workshop starting on 9 October had proceeded slowly because every article of the draft statement had to be thoroughly considered by the participants.

In addition, there were differences of opinion on the draft statement because some participants wanted it to be more detailed and to reflect the opinions and initiatives aired during the workshop.

In the statement, the participants expressed the hope that a series of dialogues, bilateral or multilateral and official or unofficial, will be continued to create an atmosphere of consultation, understanding, trust, and peace.

Thus, the dialogues will eventually diminish potential conflicts in the South China Sea. The workshop also discussed eight principles agreed by China and the Philippines as a code of conduct. The draft statement said they were a step forward in terms of confidence-building measures in the region.

Eight Principles

The eight principles, among others, included refraining from increasing any military presence and holding military exercises in the disputed areas, nonuse of force to settle disputes, and the use of international law as a basis for settling disputes.

The statement noted differences of opinion among the participants on confidence-building measures. The participants proposed various confidence-building measures to deal with potential conflicts in the South China Sea.

Some participants viewed the workshop as a confidence-building measure itself and therefore saw no need to discuss other confidence-building measures, while

others believed that the workshop should look into ways to promote other confidence-building measures at the next meeting.

The participants agreed to undertake efforts to assess various proposals recommended in the previous workshop and turn them into concrete projects.

The workshop agreed to continue the existing mechanism of cooperation.

According to the statement, the participants also agreed to follow up issues discussed in technical working groups on marine scientific research, legal matters, and safety in regard to navigation, shipping, and communications respectively.

At the end of the statement, the participants agreed to hold the seventh workshop in Indonesia and expressed their appreciation of Indonesia's seriousness in holding the series of workshops on the South China Sea.

The workshop discussed various proposals put forward in the previous workshop and received reports on the results of the meetings of the technical working groups.

The participants also discussed proposals for cooperation in several activities and confidence-building measures.

The workshop was attended by 42 delegates from countries around the South China Sea — China, Vietnam, the Philippines, Brunei, Taiwan, Laos, Cambodia, Singapore, Thailand, Malaysia, and Indonesia.

Alatas Urges Completion of Nuclear Treaty

BK1210133095 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 12 Oct 95

[FBIS Translated Text] Foreign Minister Ali Alatas opened the first meeting of the 29th ASEAN Standing Committee in Jakarta this afternoon, during which he urged the committee to complete the drafting of the Southeast Asia Nuclear Weapons Free Zone treaty as early as possible. It is hoped that the completed draft treaty can be signed by ASEAN heads of government at the fifth ASEAN summit in Bangkok in mid-December. The first meeting of the 29th ASEAN Standing Committee will last three days and will discuss the agenda for the ASEAN summit in Bangkok. Alatas said the treaty is undoubtedly very important to peace and stability in Southeast Asia.

[Begin Alatas recording] ASEAN's position is clear, namely, it opposes and even criticizes France's and the PRC's continued nuclear tests. We will be including several clauses in the treaty that will guarantee that our territory will be free from nuclear weapons, that is to say, we are not going to produce, store, or possess nuclear weapons. [end recording]

On economic cooperation, Alatas said ASEAN is now capable of effectively contributing to the global economy and is therefore determined to expand intra-ASEAN economic cooperation, especially through AFTA [ASEAN Free Trade Area].

Japan

Reports on Okinawa Issues, Problems Continue

'Mounting Distrust' of Bases

OW1910052295 Tokyo ASAHI SHIMBUN
in Japanese 16 Oct 95 Morning Edition p 2

[Unattributed article]

[FBIS Translated Text] How can the national government dispel the Okinawan people's mounting distrust in U.S. military bases and Japan-U.S. security arrangements in the wake of the alleged rape of a local schoolgirl by U.S. servicemen in Okinawa Prefecture? Prime Minister Tomiichi Murayama is now facing difficulties in dealing with this issue. Depending on developments in the situation in which Okinawan Governor Masahide Ota has refused to sign by proxy documents needed to renew the compulsory use of private land for U.S. forces, it is feared that Japan-U.S. relations may be undermined. Given the situation, aides to the prime minister have begun to maintain that the issue "may shake the foundation of the administration."

In procedures for the forced renewal of contracts allowing private land to be used by U.S. forces, a prefectural governor is obliged to sign relevant documents on behalf of landowners who refuse to sign. This is one of the national government's proxy procedures. In Okinawa Prefecture, some 2,900 landowners have refused to sign the documents, and they own approximately 370,000 square meters of land inside U.S. military facilities, including Kadena Air Base. Governor Ota has been requested to sign documents for land plots totaling about 35,000 square meters owned by some of the 2,900 landowners. According to the Local Government Act, if a governor continues to refuse the proxy signing, the prime minister can sign the documents himself in the end after filing an administrative suit.

Because Okinawan Governor Ota has continued to refuse to undertake the proxy land lease procedures, it is difficult for the national government to break the deadlock in the situation through currently proposed steps, such as improvements in operations of the Japan-U.S. Status of Forces [SOFA]. If the land lease documents are not signed before the expiration of the current contracts in March 1996, validity will inevitably be lacking.

The prime minister, taking the situation seriously, stated: "The Okinawan issue is important. We have to settle the issue while considering sentiments of the Okinawan people." He made the remark in a meeting with Finance Minister Masayoshi Takemura who visited the Prime Minister's Official Residence on the night of 13 October, when the lower house passed the

second supplementary budget bill for FY95. The prime minister thus reiterated his intention to resolve the issue, regarding it as the most urgent task.

The prime minister's office reacted slowly when the schoolgirl rape case came to light and when Governor Ota refused proxy signing.

Defense Agency Director General Seishiro Eto stated the need to review SOFA in connection with the rape case. However, chief Cabinet Secretary Koken Nosaka indicated a cautious stance, saying that steps "will be limited to improving operational procedures" of SOFA. Nosaka's remark has met opposition from not only the Okinawan people but also some members of the ruling parties, who said his attitude was "cold."

Although the prime minister's office tried to send the Defense Agency chief to Okinawa, the prefectural government retorted: "It would be better after a mass rally to be held on 21 October to protest the rape case." Prime minister's aides lament: "Every action we took has turned out to be ineffective."

There seems to be some reasons for the prime minister's slow reaction to this issue.

The prime minister prides himself on "having opposed the Japan-U.S. security treaty for a long time," (as stated by a senior government official). Meanwhile, during the Japan-U.S. summit meeting set for November, the prime minister has to discuss such issues as the significance of the Japan-U.S. security treaty in the post-Cold War era on the premise that the current bilateral security arrangements should be maintained. He has apparently failed to determine how to reconcile the policy that he has maintained within the Social Democratic Party of Japan [SDPJ] and duties that the prime minister has to fulfill.

Former Transport Minister Shigeru Ito from the SDPJ, having a sense of crisis concerning this situation, called on the prime minister at his official residence on the night of 7 October, and maintained: "We have no time. The prime minister should take the leadership in settling the issue." Chief Cabinet Secretary Nosaka and Deputy Chief Cabinet Secretary Hiroyuki Sonoda also stressed the seriousness of the issue to the prime minister.

Then, how is he feeling now?

The prime minister is reportedly "dissatisfied with" the government's current proposals — such as a review of SOFA operations and promotion of reorganization and consolidation of U.S. military bases in Okinawa — and he "does not think those approaches will be able to allay the anger of the Okinawan people," (according to the senior government official). Considering the prime

minister's intention, Chief Cabinet Secretary Nosaka told Sadayuki Hayashi, administrative vice minister of foreign affairs, on 9 October that the "Foreign Ministry should come up with more concrete ideas."

If the land lease contracts for military use are not signed before their expiration in March 1996, Japan-U.S. relations will inevitably be affected. Some people even say that the "call for the prime minister's resignation may crop up," (as stated by a senior SDPJ member).

Okinawa Governor Interviewed

*OW1910130195 Tokyo TOKYO SHIMBUN
in Japanese 17 Oct 95 Morning Edition p 1*

[FBIS Translated Text] Okinawa Governor Masahide Ota, who refused to sign the compulsory land lease contract for U.S. Military use by proxy, granted an exclusive interview to TOKYO SHIMBUN at the Okinawa Prefectural Governor's Office on 16 October. "As long as the Okinawan people maintain their stance on the land issue, I will not agree (to sign the contract)." With this, the governor revealed his strong determination not to sign the lease documents. Wanting to solve the problem prior to U.S. Defense Secretary William Perry's Japan visit on 30 October, the government will send Defense Agency Director General Seishiro Eto and other officials to Okinawa in late October. However, Ota's firm resolve may further push the government into an awkward position.

In the interview, Governor Ota gave us his reasons for refusal. "The Battle for Okinawa was the most fierce battle (in the Pacific War). After the war, we were under U.S. Military control for 27 years. Even after Okinawa was returned to Japan, 75 percent of U.S. military bases are centered on this island." Referring to the island's history, Ota continued, "At the Japan-U.S. summit next month, the significance of Japan-U.S. security arrangements will be reconfirmed in line with the United States' global strategy. This means there is fear that the Okinawan bases' function may be further enhanced and they will continue to exist here in the 21st century."

He also cited economic disadvantages Okinawa suffers due to the presence of U.S. bases. "We consider the 50th anniversary of the war's end the watershed year for Okinawan industrial promotion. However, the bases are a major obstacle that prohibits development of the tourism industry."

After the rape of a schoolgirl by U.S. soldiers last month, Okinawans' reaction to the U.S. bases is particularly intensifying. "As a representative of the Okinawan people and in charge of the Okinawan administration, I cannot sign the contracts." Ota stressed his refusal is

the collective will of the local people rather than his personal decision.

Trying to break the impasse, the government is now studying measures to facilitate base consolidation, such as the return of the land used for Naha naval port and other military installations by transferring them to other sites. This project has long been deadlocked. Touching on this, Ota said, "Asking for alternative sites is a problematic approach. In addition, even if the land is returned by relocating all of these facilities, it does not change much of the situation (in view of the whole base problem)." Then he expressed his determination to demand drastic base reduction to the last.

Discussing base-related problems on Okinawa, a top Liberal Democratic Party executive recently said, "The bases should be decentralized to all over Japan." Ota did acknowledge such comments in the interview, saying, "This is what the Okinawan people expect to hear." However, at the same time, he also gave a warning: "If it is only lip service, it may cause adverse effects."

Okinawans 'Shocked' by Crash

*OW1910002795 Naha OKINAWA TIMES in Japanese
18 Oct 95 Evening Edition p 5*

[FBIS Translated Excerpt] An F-15 fighter of the U.S. forces crashed off the coast of Cape Kyan of Okinawa island. With the people's rally to lodge a protest against the rape of a schoolgirl by U.S. servicemen approaching, the Okinawan people are shocked by the recurrence of the accident involving the U.S. fighter. "What the hell is going on? This is by no means forgivable." People are increasingly outraged by the accident that demonstrated how dangerous it is to live close to the U.S. military bases. In Kadena town, apprehension is further growing among residents as the accident reminded them of another crash which took place last April. Danger lurks next to you in Okinawa where U.S. military bases occupy a considerable part of it. Local momentum in antibase movement will inevitably pick up more strength and may largely affect the government's reaction to the incident.

(Comments by Kosei Oyadomari,) [mayor of Naha] It is synonymous to adding fuel to fire. The accident, which took place while we are protesting the U.S. servicemen's barbaric act, clearly symbolizes the present situation in Okinawa. Accidents by U.S. fighter planes, which fly in Okinawan skies as if they own them, cannot be avoided as long as the bases are here on this island. Since airplanes fly at extremely high speed, a major disaster can result in a few seconds. I may sound repeating myself, but because of the bases, accidents do take

place. It is too obvious what should be done to eliminate this fundamental cause.

(Comments by Seiken Tobaru,) [mayor of Ginowan] Another accident. I saw a helicopter that crashed at Marine Corps Air Station last year. How terrible it was was manifested by the fact that the plane was split into three and a propeller was blown 50 meters away. If a plane crashes in a residential area, it is going to be an extreme disaster. Why do we have to worry about operations of foreign forces? I want to say why don't we transfer the military to Oita prefecture — home of the prime minister who said: "Do not encourage the Okinawan people to hope much." [passage omitted]

Murayama Meets Okinawa Delegation

OW1910051595 Naha RYUKYU SHIMPO
in Japanese 19 Oct 95 Morning Edition p 1

[FBIS Translated Text] Tokyo — A delegation from the Conference on the Promotion of the Conversion of Military Land and Base Issues [Gunttenkyo] (chaired by Governor Masahide Ota), led by its vice chairman, Kosei Oyadomari (mayor of Naha), visited Prime Minister Tomiichi Murayama at the Prime Minister's Official Residence on 18 October. It handed Murayama the Gunttenkyo's demands on the reorganization and consolidation of U.S. military bases.

With regard to the bases in Okinawa, Murayama limited himself to saying: "I fully understand the Okinawan people's anguish. I believe the entire country should take on the burden of the bases." He did not touch on specific steps to be taken.

The Gunttenkyo delegation also presented the same demands to the Ministry of Foreign Affairs [MOFA], the Defense Agency, and the U.S. Embassy in Japan. It hastily added the crash of an F-15 fighter of the U.S. forces on Okinawa to its list of complaints.

Before meeting the prime minister, the delegation met Chief Cabinet Secretary Koken Nosaka. Representatives from cities, towns and villages in Okinawa took turns explaining the situation regarding the bases in their area. They asked for the reorganization and consolidation of the bases.

In response, Nosaka indicated a positive attitude toward this issue. He said: "The cabinet stakes its fate on this. We will exert efforts in a positive direction."

At the MOFA, Kazuyoshi Umemoto, chief of the Japan-U.S. Security Treaty Division, met the delegation. He reiterated MOFA's position on the Status of Forces Agreement that "we plan to improve its enforcement substantially." With regard to the F-15 crash, he reported that U.S. authorities had already been told to investigate

the causes of the accident and to take measures to prevent a recurrence of similar incidents.

'Concrete' Solutions 'Unclear'

OW1910094595 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 19 Oct 95 Morning Edition p 2

[FBIS Translated Text] Prime Minister Tomiichi Murayama has decided to meet Okinawan Governor Masahide Ota before the Japan-U.S. summit talks in November. However, concrete solutions to the problem of U.S. military bases on Okinawa remain unclear.

The administration and the ruling parties adopt a two-pronged strategy: 1) the ruling parties take the initiative of compiling demands on retrenching U.S. bases that may antagonize the United States; and 2) taking overall bilateral relations into consideration, a "headlong clash" at the summit talks is to be avoided. However, a remark by Noboru Hoshuyama, director general of the Defense Facilities Administration Agency, "criticizing the prime minister" indicates that twists and turns are expected before a final solution can be found.

The government and the ruling parties are hoping to appease the Okinawan people as much as possible by "showing a sincere attitude," (according to a government source), and thereby persuade Ota to come to Tokyo to meet the prime minister. To create the conditions for this, the Social Democratic Party of Japan [SDPJ] will send a delegation of Diet members to the Okinawan people's mass rally on 21 October, and Director General Seishiro Eto of the Defense Agency is scheduled to visit Okinawa on 24 and 25 October. Top officials in charge of policy in the three ruling coalition parties and Chief Cabinet Secretary Koken Nosaka, the prime minister's closest aide, are all planning to visit Okinawa.

At first, Murayama's aides had planned to resolve the problem quickly through a meeting between Murayama and Ota. However, the situation is such that "it would not be easy" (according to Nosaka). In the absence of any solutions to the base issues that can satisfy Okinawa, the prime minister may have to make the final decision on resolving the issue of proxy signing of land documents, including the possibility of resorting to judicial procedures, after the Japan-U.S. summit in November.

The government and the ruling parties are in discord with regard to solutions to the base issues, with the Ministry of Foreign Affairs and the Defense Agency — which give priority to relations with the United States — calling for "reorganization and consolidation [seiri togo]" of bases, and the SDPJ — which traditionally champions the anti-bases struggle — calling for "reorganization and retrenchment [seiri shukusho]." Although

the close aides of the prime minister once considered "relocation of the bases," such plans were immediately abandoned due to strong opposition from the other prefectures. Recently, they have come to use the expression "retrenchment." There has not been any consistency in this process.

Even the "retrenchment" the prime minister's aides talk about essentially means retrenching the bases by more effective use of land through reorganization and consolidation. There is still a substantial gap with the radical retrenchment that Okinawa is demanding. On the whole, there are no signs that the administration and the ruling parties are engaged in any efforts to formulate meticulous "solutions." The fact is, the situation is such that "the problem of inadequate behind-the-scenes consultations has come to the fore." (according to the prime minister's close aides)

The prime minister "stakes the fate of the cabinet" on the problem of Okinawa. He wants to avoid precipitous action and search for a solution prudently. However, there is also concern that "since Governor Ota says this is 'not a struggle to win better terms,' the final solution may not be satisfactory to Okinawa" (according to a senior SDPJ official). The meeting with Ota, which the prime minister perceives to be a stepping stone to a final solution, may well be a two-edged sword for Murayama.

Murayama Considers Firing Official

OW1910081195 Tokyo KYODO in English
0752 GMT 19 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO — Prime Minister Tomiichi Murayama expressed regret Thursday [19 October] over a senior defense official reportedly saying that the premier should decide to force Okinawans to continue the compulsory leasing of land to the U.S. military.

Murayama, speaking to reporters at his official residence, said such a statement would run counter to government policy of settling the issue through talks.

Murayama also said he will make a judgment on whether Noboru Hoshuyama, head of the Defense Facilities Administration Agency, should be fired after receiving a report from Defense Agency chief Seishiro Eto.

Murayama, chairman of the Social Democratic Party (SDP), met with SDP Secretary General Wataru Kubo and said if Hoshuyama made remarks that go against the government's policy, he will take "appropriate steps," party officials said.

Hoshuyama is said to have criticized Murayama on Wednesday for causing a standoff between the Okinawa

Prefectural Government and the central government over the leasing of land to the U.S. military on the island of Okinawa in southern Japan.

He is also reported to have said the dispute was brought about because Murayama is "not clever" and cited the need for the prime minister to go ahead with legal procedures and forcibly decide to continue the leasing of land if the current stalemate is not broken.

The Murayama administration has been striving to seek a breakthrough via dialogue, trying to persuade Okinawa Gov. Masahide Ota to cooperate with the central government over the matter.

While Hoshuyama denied making a remark about the premier's cleverness, government and ruling party officials are increasingly calling for the defense official's departure from the present post.

Meanwhile, Deputy Chief Cabinet Secretary Teijiro Furukawa declined comment on Hoshuyama's reported criticism of the premier.

Hoshuyama's remarks were allegedly made Wednesday in a meeting among Furukawa, Hoshuyama and Masaki Orita, director general of the Foreign Ministry's North American Affairs Bureau.

Chief Cabinet Secretary Koken Nosaka told a news conference later that Hoshuyama's approach in seeking a resolution of the row is quite different from that of the government.

The top government spokesman also denounced Hoshuyama for his lack of consideration for Okinawans, saying, "we feel enraged by that."

Official Pressured To Resign

OW1910050195 Tokyo KYODO in English
0345 GMT 19 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO - A senior defense official who is said to have criticized Prime Minister Tomiichi Murayama on Wednesday [18 October] for his poor handling of the issue of land leasing for the U.S. forces in Okinawa, is under pressure to resign.

Noboru Hoshuyama, chief of the Defense Facilities Administration Agency, denied at a press conference Thursday that he said the failure to persuade Okinawans to cooperate with the central government in renting their lands to the U.S. forces came about because "the prime minister is not clever."

Senior members of the ruling coalition parties soon indicated displeasure over his alleged remarks, suggesting Hoshuyama be dismissed.

Murayama told reporters he will call Hoshuyama to report to Chief Cabinet Secretary Koken Nosaka to scrutinize the details of the incident.

Hoshuyama's remarks were allegedly made in his talks with Deputy Chief Cabinet Secretary Teijiro Furukawa over Okinawa Gov. Masahide Ota's refusal to cooperate with the central government in forcing landowners to continue leasing their land to U.S. forces in the southern prefecture.

"I can't remember having made such remarks," Hoshuyama told the press conference. "I also have no intention to resign now."

Hoshuyama also said he only suggested to Furukawa that the agency will make further efforts to resolve the impasse, but in the worst case, "the premier should go ahead with legal procedures." after his alleged remarks surfaced among the press, Nosaka told reporters that, "Okinawa's fury will grow. Even if only for that reason, he should probably take responsibility."

Nosaka later told reporters at the premier's official residence that "his suggestion that the premier take legal procedures is contrary to the cabinet's policy."

Defense Agency Chief Seishiro Eto, who will visit Okinawa this weekend to seek Ota's cooperation, said, however, that he cannot seek Hoshuyama's resignation if he is correct in denying the remarks.

Hoshuyama visited Okinawa last month to hold talks with Ota over the land leasing issue but returned to Tokyo after being unable to meet him. The Defense Facilities Administration Agency is in charge of providing land for U.S. bases in Japan.

Ota is backed by strong calls from local leaders and citizens for a reduction in the U.S. military presence in Okinawa, following an incident in early September in which a Japanese schoolgirl was abducted and raped, allegedly by three U.S. servicemen.

Based on the law on land expropriation for U.S. forces, the central government is preparing to have some 2,900 Okinawan landowners agree to the continued leasing of their land before the expiration of the current arrangements in March 1996 and May 1997.

But the landowners, who possess some 387,000 square meters of land inside 13 U.S. forces' facilities, have refused to do so.

If landowners and municipal leaders refuse to sign the necessary documents on the land lease, Japanese law requires the governor to sign the documents. If the governor also refuses, the prime minister can file a suit requesting that the governor carry out his duties.

With court backing, the prime minister can then sign the documents if the governor does not comply.

Murayama, who wants to resolve the issue before he meets U.S. President Bill Clinton next month in Japan, has been seeking a solution by offering some conciliatory measures such as scaling back the U.S. bases in Okinawa.

Murayama has told a current Diet session that he will not take legal procedures on the land lease issue.

Public outcry has been growing throughout Japan over the presence of some 45,000 U.S. military personnel stationed in the country under the U.S.-Japan Security Treaty, of whom nearly 30,000 are in Okinawa.

Defense Facility Official Resigns

OW1910123395 Tokyo KYODO in English
1108 GMT 19 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO — A top defense facility official who took Prime Minister Tomiichi Murayama to task Wednesday [18 October] for what he said is Murayama's unclever handling of the U.S. base issue in Okinawa bowed out Thursday after he drew fire from ruling coalition officials.

Noboru Hoshuyama, head of the Defense Facilities Administration Agency, submitted his resignation to Defense Agency Director General Seishiro Eto, who accepted it.

Hoshuyama told Eto that he was sorry to have created a lot of troubles for the government with his "indiscreet remarks" at the time when the entire administration is putting its shoulder to the efforts to solve the Okinawa base problems, Eto said at a press conference.

Hoshuyama is said to have criticized Murayama on Wednesday for causing a standoff between the Okinawa Prefectural Government and the central government over the leasing of land to the U.S. military on the island of Okinawa in southern Japan.

He is also reported to have said the dispute arose because Murayama is "imbecile," and to have stressed the need for the prime minister to use legal procedures to force the continuation of land leasing if the current stalemate is not broken.

The Defense Facilities Administration Agency is responsible for providing land for U.S. bases in Japan.

Murayama, chairman of the Social Democratic Party (SDP), met with SDP Secretary General Wataru Kubo and said if Hoshuyama made remarks that go against the government's policy of settling the issue through talks, he will take "appropriate steps," party officials said.

Murayama told reporters he will make a judgment on whether Hoshuyama should be fired after receiving a report from Defense Agency chief Eto.

The Murayama administration has been striving to find a solution through dialogue, trying to persuade Okinawa Gov. Masahide Ota to cooperate with the central government.

While Hoshuyama denied making a remark about the premier's cleverness, government and ruling party officials are increasingly calling for the defense official's removal from his present post.

Deputy Chief Cabinet Secretary Teijiro Furukawa declined to comment on Hoshuyama's reported criticism of the premier.

Hoshuyama's remarks were allegedly made Wednesday in a meeting among Furukawa, Hoshuyama and Masaki Orita, director general of the Foreign Ministry's North American Affairs Bureau.

Chief Cabinet Secretary Koken Nosaka later told a news conference that Hoshuyama's approach to seeking a resolution of the dispute is quite different from that of the government.

The top government spokesman also denounced Hoshuyama for his lack of consideration for Okinawans, saying, "we feel enraged by (his attitude)."

Meanwhile, Hoshuyama said, "I can't remember having made such remarks."

"I have no intention of resigning now," he had earlier told reporters.

Hoshuyama said he only suggested to Furukawa that the agency would make further efforts to resolve the impasse, but that in the worst case, "the premier should go ahead with legal procedures."

Defense Agency chief Eto, who will visit Okinawa this weekend to seek Ota's cooperation, said he could not seek Hoshuyama's resignation if his denial is accurate.

Hoshuyama visited Okinawa last month to hold talks with Ota over the land leasing issue but returned to Tokyo after being unable to meet him.

Ota is backed by strong demands from local leaders and citizens for a reduction in the U.S. military presence in Okinawa, following an incident in early September in which a Japanese schoolgirl was abducted and raped, allegedly by three U.S. servicemen.

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leasing of their land before the expiration of the current arrangements in March 1996 and May 1997.

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Murayama, who wants to resolve the issue before he meets U.S. President Bill Clinton next month in Japan, has been seeking a solution by offering some conciliatory measures such as scaling back the U.S. bases in Okinawa.

Murayama has told the current Diet session that he will not take legal measures on the land lease issue.

A public outcry has been growing throughout Japan over the presence of some 45,000 U.S. military personnel stationed in the country under the Japan-U.S. Security Treaty. Nearly 30,000 of them are in Okinawa.

The Defense Agency decided to pick Masuo Morodomi, who heads the agency's central procurement office, as the successor to Hoshuyama.

The 56-year-old Morodomi once served as head of the Fukuoka Regional Defense Facilities Administration bureau.

Details of 'Economic Espionage War' Reported

*OW1910115095 Tokyo SANKEI SHIMBUN
in Japanese 18 Oct 95 Morning Edition p 2*

[By Tsutomu Saito]

[FBIS Translated Text] Washington, 17 Oct — An economic espionage war existed among Japan, the United States, and other Western countries even during the Cold War era, although economic contention took a back seat, overshadowed by the all-important "anti-Soviet" strategic alliance.

The clandestine activities of the U.S. Central Intelligence Agency (CIA) during the auto negotiations were simply a symbolic incident demonstrating the intensification of economic conflict among Western countries in the post-Cold War period.

In the context of Japan-U.S. relations, the CIA and other U.S. intelligence agencies engaged in two-pronged operations during the Cold War era, providing Japan

with secret military and defense information gathered by its spy satellites on the USSR, China, and North Korea (DPRK) while gathering economic and hi-tech information from Japan. Politically, it provided the Liberal Democratic Party and the then Japan Socialist Party [now Social Democratic Party of Japan] with illicit funds to expand U.S. influence.

In the vanguard of U.S. espionage activities against Japan and its Western allies are CIA agents posing as diplomats and undercover private agents specializing in economic espionage called NOC's (non-official covers) working from outside the embassy.

According to a CIA source, during the Japan-U.S. negotiations on oranges and beef at the height of the Cold War in the early 1980's, "It was quite easy for the NOC's in Tokyo to obtain secret information on the Japanese position from the Ministry of Agriculture, Forestry, and Fisheries and related industries." It can be said that if the Ministries of Foreign Affairs and International Trade and Industry had learned a lesson from this, the CIA would not have been able to operate during the auto talks.

After the disintegration of the Soviet Union, economic intelligence has grown more urgent for the Clinton administration, which is committed to "economic revival." In addition to the National Security Council, a new National Economic Council was created. The interests of the administration, which advocates "promoting the revival of the U.S. economy," and the CIA, which was searching for a new mission and new targets after the Cold War, converged.

In particular, "Japan is undoubtedly the number-one target" (according to a CIA source) for the Clinton administration, which gives top priority to U.S. "economic security" in an Asia expected to achieve rapid economic growth in the 21st Century. "Although the number of NOC's in Tokyo has probably been reduced, as a result of yen appreciation, from around 80 in the Cold War era to around 60 at present, they are more active than before" (according to the same source).

Two years ago, the Clinton administration issued orders to the CIA to strengthen espionage on economic and trade negotiations with the allies, on the monetary crisis in Mexico, and on economic espionage by foreign countries against the United States.

In line with this action, the CIA launched spying operations on the European Union (EU) during negotiations at GATT's Uruguay Round, where a global trade agreement was finally hammered out in December 1993. High-ranking French officials in particular are targets of bribery. During the Japan-U.S. auto negotiations, the

CIA reportedly gave detailed information and analyses obtained through its behind-the-scenes activities to U.S. Trade Representative Mickey Kantor.

In February 1995, five CIA agents in France, including the CIA France bureau chief, were deported for allegedly attempting to obtain classified high-tech information by accessing the nucleus of the French Government and state-run long-distance telecommunications enterprises. This is an example of CIA espionage that remains fresh in the public mind.

A former CIA member clearly indicated that not only the CIA, but also a "newly opened" Russian foreign intelligence agency eyes Japan as a target of such economic and industrial espionage. According to a CIA source, U.S. reconnaissance satellites, in addition to agents, have been monitoring Japan and taking photographs of its industrial facilities.

Tokyo Said in Dilemma

OW1910133695 Tokyo SANKEI SHIMBUN
in Japanese 18 Oct 95 Morning Edition p 3

[FBIS Translated Text] The Central Intelligence Agency's (CIA) suspected eavesdropping on conversations between Ryutaro Hashimoto, minister of international trade and industry, and other Japanese officials during the Japan-U.S. automobile talks has become another headache for the government, along with the military bases problem, in preparing for the November bilateral summit. To prevent adverse effects on the Japan-U.S. alliance, the government hopes to settle the issue before the summit. However, since it touches on the conduct of diplomatic negotiations and involves classified information, the government, all the more, sees no prospect for a solution and is in a dilemma.

A New, Difficult Problem

In a news conference on 17 October, Chief Cabinet Secretary Koken Nosaka expressed regret at the CIA's suspected eavesdropping operations, saying: "It is extremely regrettable if eavesdropping operations were actually conducted. I would be disappointed if this should affect Japanese-U.S. relations."

In response to reports of the alleged eavesdropping operations, the government, maintaining that "it is necessary to ask even allied countries to confirm facts" (as stated by Nosaka), requested via the U.S. Embassy in Japan that the United States announce its official view. The government expects matters to be thoroughly clarified, saying: "We cannot allow the CIA to conduct activities in Japan if such activities damage Japan's

rights and interests" (as stated by Sadayuki Hayashi, administrative vice minister of foreign affairs).

In some government quarters, there are strong views that "the United States will never admit the allegations, and the facts will be kept in the dark" (as stated by a senior Foreign Ministry official). In a similar case, the French Government expelled five U.S. officials, including a member of the U.S. Embassy in France, on charges of political espionage operations in the country last February. For Japan to resort to such firm action, the government would have to conduct its own investigations. However, while indicating the need for such investigations, the government cannot help hiding its bewilderment, saying: "How and where are we going to investigate?"

As a result, while there is little likelihood of getting a clear answer from the United States, it is possible that public outcry will continue mounting in the country, demanding clarification of the facts. The government is thus having a hard time trying to resolve the issue, saying: "We hope this problem will not drag on until the Japanese-U.S. summit meeting" (as stated by a Foreign Ministry source).

Eavesdropping Operations Already Taken Into Consideration

The Foreign Ministry maintains that "from an international viewpoint, many countries accept eavesdropping as a fact" (as stated by a Foreign Ministry source). The ministry thus indicates that in diplomatic negotiations, eavesdropping operations are "already taken into account." In particular, the administration of U.S. President Bill Clinton has spelled out "economic security" as a major policy task, so that some Foreign Ministry officials assert: "It is not surprising that eavesdropping operations are conducted against allies" (as stated by a senior Foreign Ministry official).

At the Foreign Ministry, ordinary international telephone lines are normally used in communications between the ministry's headquarters in Tokyo and diplomatic and consular offices abroad. However, it is conventional practice to use coded telegraph messages when relaying important, classified matters. Therefore, the Foreign Ministry has shown relief, saying: "Since Japan was able to have its position fully reflected during the [automobile] negotiations, it can be said that the outcome of the negotiations was not affected, even if the alleged eavesdropping was actually conducted" (as stated by a Foreign Ministry source). However, the ministry has become more cautious, saying: "If the allegations are true, it means we were caught off guard because of our faith in the United States" (according to the same Foreign Ministry source).

The International Telecommunications Treaty concluded between Japan and the United States stipulates that "operators of international communications services may report details of communicated information in compliance with requests by police or other authorized agencies." In all other cases, however, protection of communicated information is guaranteed.

Still, "there appear to be no treaties explicitly regulating eavesdropping operations" (according to a Foreign ministry source); therefore, even if the United States did conduct eavesdropping operations, the act would be disregarded from the standpoint of international law. Thus, the government "cannot help but stick to using coded messages for relaying important, classified information" (as stated by a Foreign Ministry source).

Annoying Matter

While bureaucrats and top officials at various government ministries and agencies manage to continually come up with only weak-kneed comments against the United States, Trade Minister Hashimoto, who is considered a "victim" of the CIA's eavesdropping operations, lashed out loudly: "I plan to think about it (how to respond) after the Foreign Ministry receives an answer (from the United States) but basically it is an annoying matter."

Senior officials at the Ministry of International Trade and Industry [MITI] are going along with Hashimoto and are showing their anger. Under the presumption that "the story is true," senior MITI officials, one after another, have expressed their opinions. For example, one official has said: "This time, we should relentlessly file protests with the United States." Still another official has said: "That is a criminal offense."

Following such experiences as the voluntary restraints on automobile exports to the United States in 1981 and the IBM industrial espionage incident in 1982, MITI has been very sensitive to eavesdropping operations and other intelligence activities conducted by foreign countries. In fact, several senior MITI officials have said that "it felt like our telephones were actually being tapped" at the hotels where negotiations were held. For this reason, the ministry has painstakingly resorted to such measures as follows: 1) not using telephones when relaying important information; and 2) mailing or hand-carrying important documents. However, the ministry has failed to come up with more than just these minimum precautionary measures.

A top MITI official, as if to admonish himself, has said: "Looking at the international community, it would not be right for a single lamb to be among a pack of wolves. The least we can do for now is to defend ourselves."

The truth will again end up being kept in the dark, but as result of the latest suspected CIA eavesdropping incident, opportunity is mounting for MITI to review its system of managing classified information.

Envoy Discusses SOFA Privileges, U.S. Ties

*OW1910015095 Tokyo MAINICHI SHIMBUN
in Japanese 18 Oct 95 Morning Edition p 1*

[By Yoshinori Kando and Hiroshi Komatsu]

[FBIS Translated Text] Washington, 16 Oct — In view of U.S. President Bill Clinton's forthcoming visit to Japan, Takakazu Kuriyama, ambassador to the United States, gave an interview to MAINICHI SHIMBUN on 16 October.

Regarding the fact that U.S. servicemen stationed in Japan are given certain preferential treatment in judicial procedures, Kuriyama said: "There are reasons for this. Japan needs to understand this in working for a solution to the problem." He indicated the need to consider the internationally recognized rule that soldiers stationed in foreign countries are given certain privileges, and to deal with this level-headedly.

Kuriyama also touched on the importance of the Japan-U.S. security pact. He said that as long as there are factors of uncertainty in Asia and the Pacific, the maintenance of the Japan-U.S. security arrangements is indispensable for the stability and prosperity of the region. He said: "A radical reduction in U.S. forces will destabilize the security of Japan and the Asian countries, and Japan will have to pay dearly for this."

Kuriyama explained: "The status of (U.S.) forces stationed in foreign countries, which function as an organ of the state, was discussed among the NATO members and the U.S. allies. The result of such discussions has been established as rules." He pointed out that "what may seem to be unequal procedures" have their historical reasons.

Kuriyama also made clear his position that although steps are being taken to improve the enforcement of the Status of Forces Agreement [SOFA] in the aftermath of the rape of a schoolgirl, he is not in favor of negating all legal privileges of U.S. Forces Japan guaranteed by SOFA. He further affirmed the need to reduce the social and economic burden on the Okinawan people as a result of the presence of U.S. military bases, to make more efforts to enforce stricter discipline among the U.S. forces, and to reorganize and consolidate the bases.

Kuriyama also stated that since the people's perception of security after the end of the Cold War has changed, the governments of Japan and the United States need to

explain clearly to the people why as many as 100,000 U.S. troops are being deployed on the Asian front, why numerous bases exist on Okinawa, and why tax money is being used for this.

In connection with the Asia-Pacific Economic Cooperation (APEC) forum in Osaka, Kuriyama pointed out that the United States considers the Asia-Pacific region to be of utmost importance because of its economic interests. It expects Japan to exercise leadership in drawing up a blueprint for the actual implementation of the declaration on liberalization issued at the Bogor conference last year.

Commenting on the Japan-U.S. economic framework talks, Kuriyama said: "This has become a tense negotiation site where everything is a matter of winning or losing. Since the two countries are closely interdependent, we need to take the approach of searching for a mutually beneficial solution." Although he admitted that "bilateral negotiations are necessary because there are many problems that are inappropriate for conflict resolution under the auspices of the World Trade Organization (WTO)," he suggested that it would be more effective to create a bilateral conflict resolution mechanism by referring a problem to a third party if discussions between the two countries fail to reach a conclusion after a certain period of time.

He also stated: "Japan lags behind the United States in terms of openness, transparency, and competitiveness. It is important for Japan to try to catch up with the United States."

Kuriyama will end his three-year-and-eight-month tour in the United States shortly and return to Japan.

Fuji Rebuts Kodak's Allegation of Price Gap

*OW1910101295 Tokyo KYODO in English
0939 GMT 19 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO — An executive of Fuji Photo Film Co. on Thursday [19 October] refuted Eastman Kodak Co.'s allegation that color film prices in Japan are sharply higher than in the United States, saying there is little price difference between the two countries.

Price data compiled by the top U.S. photo film maker have serious defects, Masayuki Muneyuki, Fuji's senior managing director, told a press conference.

Muneyuki met reporters following Kodak's submission on Wednesday of a research report to the office of the U.S. Trade Representative (USTR) saying that Fuji's 24-frame ASA 100 color film retailed for an average 5.41 dollars in Japan as of January-March, compared with 2.67 dollars in the U.S.

Muneyuki said Kodak had compiled data on Japanese prices based on standard retail prices while using discount prices to calculate U.S. prices. Prices between the two countries are little different if they are compared on an equal footing, he added.

Kodak adopted an exchange rate of 90.79 yen to the dollar for price calculation.

According to Fuji's survey in August, a roll of Fuji film was priced at 227 yen at a major discount store in Tokyo, compared with 245 yen at a corresponding store in the U.S. at an rate of 98 yen to the dollar. In addition, a roll of Kodak film was available at 240 and 315 yen at the same Japanese and U.S. stores.

Fuji also reported that per-roll retail prices of color film, or the total value of sales divided by the total volume of sales, came to 3.6 dollars in Japan in 1993 and 3.51 dollars in the U.S. at a rate of 112 yen to the dollar.

Muneyuki said Fuji will shortly file with the USTR its refutation of Kodak's allegation.

The two companies have been engaging in public campaigns accusing each other of publishing misleading data over unfair practices that limit competition.

Analysts Dialogue on Diplomatic, Political Issues

*OW1810150195 Tokyo CHUO KORON in Japanese
Oct 95 PP 60-71*

[Dialogue between Motoo Shiina, member of the House of Councillors, and Hisahiko Okazaki, former ambassador to Thailand: "Have a 'Truce Year' for Japanese-U.S. Friction"; place and date not given]

[FBIS Translated Text]

Nature of Japanese Democracy Revealed

[Shiina] The House of Councillors election conducted in July was not an election to elect upper house members in a true sense, in my opinion.

[Okazaki] I think it was a case of ballots cast by moody voters.

[Shiina] It was said to be a preliminary skirmish prior to the next general elections. A certain political commentator referred to it as a "trial examination," but I said to several people that "it is cowardly to say this or that without taking the examination oneself, but let another student sit for the examination." I added, "those elected in the recent election will continue to sit in the upper house into the 21st century, but I doubt whether the political parties supporting them and the counterpart parties will last until then." Some political party is reportedly planning a sort of confidence trick to establish a "second company" within a year. It is

dreadful to see such discrepancy. The election results reflected what the voters had on their minds, but, for the time being, this is being ignored.

[Okazaki] Lately, I have come to understand a little about the essence of Japanese democracy. I did not understand it because there had been no democracy under the LDP's one-party autocracy.

What you just pointed out actually took place six years ago. Everybody knew that "opposition to the consumption tax," "Madonna whirlwind" and so on would not last for six years. The election results did reflect the mood of the time, but that mood was not expected to last for a year; it was too inconvenient for those elected by that mood. It took six years to reach a settlement.

[Shiina] I do not think that everything related to that matter has been settled.

[Okazaki] Because the Liberal Democratic Party [LDP] had 300 seats in the Diet when it went through elections six years ago, it completed, before the recent elections, works that would require about 10 years to complete. The regimes of Yasuhiro Nakasone and Noboru Takeshita completed such matters as the dividing and privatization of the Japanese National Railways, the introduction of the consumption tax, the import liberalization of beef and oranges, and the breakthrough on the 1 percent of the GNP ceiling for the defense budget. Since then, I have publicly said "Japanese politics would require another six years before it is improved" and that meant these legislators elected by the [voters'] mood would be gone six years later. I waited impatiently for it, to no avail.

[Shiina] So, it was useless after all.

[Okazaki] I thought, once again, that it is interesting that in a democracy the peoples' mood is reflected through elections. In local government elections all existing political parties were detested, and nonpartisan voters elected Yukio Aoshima and Knock Yokoyama into the governorships of Tokyo and Osaka, respectively. So, talent personalities were persuaded to run in the recent House of Councillors election, but such a mood has already disappeared. It is no longer a democracy if all political parties are disliked. A mood prevailed that "the voters disliked the current regime;" meaning that the opposition parties were in favor of constituting a two-major-party system.

[Shiina] I agree in part with your view, but I would like to point out a newly learned lesson: when the voting percentage goes down to such a low level, political parties, having lost favor with loyal voters and with

supporters who go to the polls to vote for them anyway, will become powerless.

[Okazaki] That is right. Although wasteful efforts have certainly been made in practicing democracy, it seems that after a little less than 10 years of trial and error, a tendency toward a two-major-political-party system has sprouted up.

[Shiina] It looks like things are going in that direction, but there is no guarantee that the present lineup of political parties will continue forever. The new election law with newly determined constituencies has not been tested yet. Without holding elections two or three times, voters will not be able to distinguish clearly between parties, and will think it's this party, when it is actually that one.

[Okazaki] Like cases in which an elected legislator might go to the other side...

[Shiina] After all, it is a political priority to hold an election, because the election system has been changed. Political commentators can predict and say anything, but nobody knows what will actually happen until the votes are cast.

Immediately after the current cabinet reform, a newspaper reporter came to ask for my opinion and I replied, "I have no interest in it at all. You are asking me about popular sentiment, but I do not understand what public feeling you are talking about." An election is a must if an attempt is going to be made to refresh the public sentiment.

[Okazaki] It is awful that Japan lacks in political vocabulary. Terms without real substance are being used. There were two kinds of motivation in the current cabinet reform. One was that some cabinet members had wished to withdraw because remaining in the cabinet would doom their political future, like rats fleeing a doomed ship. But they failed to do so. The second was to allot favorable cabinet posts for the LDP in anticipation of the next election. It is intellectually dishonest to claim that the aim of the reform was to refresh public feeling.

[Shiina] The cabinet claims that "the reform was successful." The new cabinet may last for about two months but its future is unclear.

House of Councillors Should Be Steadfast at Least

[Okazaki] You contributed to the August issue of CHUO KORON an article entitled: "It Should Now Be Said That the House of Councillors Is Useful," did you not?

[Shiina] Now I feel like writing an article entitled: "Now It Seems the House of Councillors Is Useless." (laughter) As everybody did their best, votes were cast on 23 July and all the election was final on 24 July. Just at that moment, everything turned into "numbers" — like so many for the LDP and so many for the NFP. Everybody was talking by "numbers," and nobody proposed to review the newly elected who will be legislators for the next six years. Also, those numbers are used as analytical material on the next general election. The next general election will produce another series of numbers. Then, those numbers are only related to the House of Representatives, the old numbers in the time of the House of Councillors election are no longer meaningful. This is a considerable waste.

I'd like to see active partisan politics in the House of Representatives. Political parties may repeat going different ways while at least two elections are held. Then the third partisan group may be organized. But, because all of the parties are accustomed to forming a coalition, relatively small parties may become important, when the short numbers will be filled. Then a regime such as the present government, which finds it difficult to make moves, will end up being established. These shortcomings may be complimented by the House of Councillors if anything. In the next 10, or six years, I wish the House of Councillors members would embrace such an idea.

[Okazaki] I see.

[Shiina] I am not making such a simple proposal now as to suggest building an eternal bicameral system. Putting it in baseball terms, it looks like we're finding only two outfielders where there should be three, while we are busy cleaning up a mess. Meanwhile, the other side is racking up hit after hit. We are hit by nobody but by the situation. Somebody has to take responsibility, although it might sound like a temporary expedient.

[Okazaki] Is there such a possibility? As a result of the recent election, the House of Councillors was calculated by the number of seats each political party garnered just like the case in the House of Representatives. Does the House of Councillors have such potential for policy-centered or nonpartisan actions to be taken independent of political parties?

[Shiina] As of now, there is a slim possibility, but some members are considering ideas like severing relations with their political parties in the House of Representatives. For instance, the present LDP becomes an entirely different political party such as the "House of Councillors Liberal Democratic Party." The idea would not work if somebody in the group wanted to become a cabinet minister.

[Okazaki] In that connection, I rather worry about what will happen when personalities are needed for conservative forces to join hands. Including you, such personalities are not interested in such possibilities on the grounds that you are members of the House of Councillors. So the party's control over these people would not really be effective. In your case, you do not have to tighten control of the party because you have cut yourself off from it.

[Shiina] I am getting more freedom than ever. (laughter) It is great progress for the House of Councillors to establish a caucus over at least one issue. As the case may be, it would be insignificant for me to become a cabinet minister.

[Okazaki] The prime minister makes a difference. Otherwise, it is meaningless.

[Shiina] As I mentioned before, the bureaucrats are all excellent, but wisdom cannot be expected from them because they are confined in an immovable situation. There should be a system of checks in a political system to look into the matter.

[Okazaki] More generally speaking, politics is in confusion now that it is in a transition period that will become clearer after going through several elections. Meanwhile, the House of Councillors must not become unstable.

[Shiina] It can be a stable place, if it wants to be.

[Okazaki] Then, is the concrete method a legislation by House members?

[Shiina] Yes. It is not easy to pass such legislation. By all means, a caucus is necessary and it involves the House of Representatives.

[Okazaki] For that purpose, the legislative bureau in the House of Councillors can be used.

[Shiina] Yes, because such an office exists.

[Okazaki] If such work is handled, there can be at least one place in Japan that can be a little trustworthy.

[Shiina] The office will be worthy of note when the people begin to watch what it has to say. It does not matter whether its views are successful or not. Many of its views will certainly be denied. But even in such cases, there will be legislators who defy the denial. It is significant in that the people would be informed of the reasons why proposals were denied. As the things stand now, there are no options. This is one of the reasons why a multitude of people did not go to the polls. Political matters have not become subjects of general discussion.

[Okazaki] Are there any hopeful legislators in the House of Councillors?

[Shiina] It is a big question. (laughter) But when the time comes, there will be. People say that Nagata-cho is a congregation of fools, but even this level is average. When everybody becomes determined, it can win a fair rating. At present it is inferior.

[Okazaki] You have proposed an idea to turn Tokyo's seaside submetropolitan center, where the canceled world exposition of cities was to be held, into a unrestricted model district. This idea might become legislation at the instance of House members, might it not?

[Shiina] To my astonishment, many members were interested in that idea.

[Okazaki] Politicians tend to oppose or to be jealous of good ideas like this one, do they not?

[Shiina] As of now, I do not know. The other day, I was invited by a certain group to talk about the idea and the listeners showed interest in it.

[Okazaki] Then it may be unexpectedly successful if you make a round of persuasion talks.

[Shiina] You are probably right.

[Okazaki] Just one law will do it, will it not?

[Shiina] One law will suffice, but it may require quite an effort because more than 10,000 restrictions have to be worked out. Many exceptions have to be made, such as amendment bills to such and such laws.

[Okazaki] Many such exceptions have to be made to "exclude this area from restrictions."

[Shiina] Things would not change after all, unless laws are changed. Security matters come under this category. I think this is a kind of mental experiment. In other words, I wanted to make every aspect of the concept run counter to the existing restrictions, irrespective of its success or failure. I am a little disappointed by not finding anybody opposed to the idea. All of them are amused at it.

As a matter of fact, Konosuke Matsushita proposed the same idea 20 years ago, by proposing to entrust the reclaimed land to the United Nations. So it is a mere imitation of what was proposed 20 years ago, although it seems to be a brand new idea. (laughter)

[Okazaki] You should say it is a "Matsushita conception." Then nobody will be on guard against the idea. (laughter)

[Shiina] Although it is a mental experiment, nobody gets serious unless they have to fear that the idea might end up being realized.

[Okazaki] Assuming that an area like this is built, what will it do without an airport or port of its own?

[Shiina] Leasing them will do.

[Okazaki] So, goods unloaded at other ports will be forwarded to the "free port" via sealed trucks.

[Shiina] There will not be much problem about sea-borne cargo because that area has big port facilities. The only problems are related to air cargo. It is interesting to note that since before the great Hanshin earthquake, the Hyogo Prefecture governor had proposed to make the whole Awaji-shima island a free zone. Certainly we need an area as large as Awaji-shima. And I wish that a university could be established there, as free as possible without requiring a Ministry of Education permit. (laughter)

How About Establishing Borderless Constituencies?

[Okazaki] This is a small idea to begin with, unless there are breakthroughs on deregulation and free trade. As a matter of a great consequence, for example, consider the support that the U.S. Senate and House of Representatives gave for Taiwan's bid for UN membership and so forth. Despite the vague thinking of politicians, there was a government standpoint maintained up to now that could not be stated explicitly; I think it is a good idea to pass resolutions like this through the assembly on grounds that "everybody thinks that way" on such matters.

[Shiina] I think it is necessary. But differing from the United States, Japan is under a parliamentary system of government and such actions are disadvantageous to those in the House of Representatives. They will be at a disadvantage if they are told that "you are mature enough to become a cabinet minister, but you might miss the chance if you cause trouble over things like that." Therefore, a place a little more independent is needed for these kinds of discussions.

[Okazaki] Is it possible for them to become independent of party restrictions, if they are determined not to take cabinet posts?

[Shiina] It is considerably difficult for members of the House of Representatives. Whether it be a coalition or not, a government can be composed only when a majority is won by the ruling party or parties. They will be in a difficult position when they are told it is no good to be discordant within the party on such an important matter.

[Okazaki] Is it possible for a mere Diet member to take such an action?

[Shiina] He may be subject to reprimand by such organizations as the Party Ethics Committee and so forth. Unless there is an organization that is a little more independent from the administration, everybody will stand for the administration. I think it is better to have such things as "a House of Councillors' resolution," if it is impossible to have a "House of Representatives' resolution."

[Okazaki] But ruling party members cannot support resolutions opposed to the government policy, can they?

[Shiina] That is why the logic of independence is raised.

[Okazaki] So, it is that the House of Councillors' LDP is an independent entity from the House of Representatives' LDP. It is not subject to law, but is an internal party matter.

[Shiina] That is right. You can make it possible, if you are determined to do so.

For example, Japanese foreign ministers are frequently reshuffled. They always seem to be freshmen at the United Nations. Everybody greets them with such formal greetings as "It is nice to meet you." I told an LDP meeting that such a situation is not good. It is better to appoint a qualified person to that post and let him stay for three to four years under the same prime minister. This can be done without making amendments to laws. When discussions were centered around how to strengthen diplomatic functions by making changes in the diplomatic system, I proposed, "you can do it from today, if you are determined to do so." But, it did not work.

A cabinet must be composed under the theory that there will be no cabinet reshuffles under the same prime minister. It is not good to have it reshuffled frequently. Many things including this are possible, once there is determination to do so.

[Okazaki] A majority's support can easily be won for Taiwan's joining the United Nations, if each one of the Diet members is individually approached and as long as there is no party restriction.

[Shiina] Many members are likely to support it.

[Okazaki] Unless the party restrictions are eased to such a degree, your conception will be meaningless.

[Shiina] I think so. That is why I can say anything.

[Okazaki] It is all right for the Diet members to express their views before making their views into law.

[Shiina] To encourage the government to do right things. An example is the opposition to France's nuclear experiments. I told the government to take firm action,

even though I was absent from the Diet session because I found it to have little meaning. (laughter)

[Okazaki] I find Japanese Diet resolutions different from U.S. legislation passed at the insistence of congressional members.

[Shiina] A major difference is that the U.S. Congress has control over the government's budget. There is no other way to resist it, except through a veto exercised by the President. It would be interesting to have such challenges in Japan.

[Okazaki] So far Japanese Diet resolutions have been limited to either antiwar pacifist resolutions or resolutions which opposed the import of even a grain of rice under the auspices of pressure groups. They were not based on discussions over policies, but rather they are resolutions for the purpose of getting together to raise spirits.

[Shiina] In today's world where things are moving fast, there should be resolutions based on policy discussions.

One more thing on my mind is whether the zoning for elections of both houses cannot be changed. I can run as a candidate in any constituency, for example in Kagoshima, but the Kagoshima residents can only vote for candidates who filed candidacy in that constituency. Many voters have been found to have interests and concerns in other areas than the place where they live. I suggest creating constituencies classified by generations—such as for the twenties or seventies, by vocations or by occupation. Aged people can select the constituency that professes to take care of them. Voters can select the constituency from among many such choices.

A student studying in Tokyo wishing to go back to his local home after graduation cannot vote for candidates who will work for his local area, because he can exercise his voting right only in Tokyo. Thinking that he will be gone after graduation, he votes for Aoshima casually and Aoshima wins the governorship. (laughter) But throughout the world, constituencies are divided by area zoning.

[Okazaki] I can recall another example of historical precedent in the Estates General prior to the French Revolution.

[Shiina] In the old Japanese House of Peers, upper-bracket taxpayers elected each other as members. It will require quite a lot of time to manage constituencies, as I mentioned earlier. The easiest way to count votes is zoning by areas. I imagine that the current practice derives from such simple reasons. But I think it is better

to reconsider the practice, because now the latest model of computers can do the compilation in a blink.

In Japan, votes of those who place importance on international relations are scattered because of the zoning of the constituency. Therefore, the creation of such a constituency in which such voters can cast their ballots may change the situation considerably. Then at least, voters may think seriously before casting votes. At present, thinking hard is a nuisance for everybody. "It is all right without me, because the world is moving anyway...and it is hot today," was the mood of the absentee voters. (laughter) This is dangerous after all. It is better to devise a remedy.

Can Japan and the United States Form a United Front on China Policy?

[Okazaki] In connection with matters related to international politics and diplomacy, the situation surrounding Japan became somewhat relaxed at about the time of that election. One reason behind this was that Japanese-U.S. economic friction went into a de facto truce.

[Shiina] "Truce" describes the situation well.

[Okazaki] Although Japan had many weak points such as big trade surpluses, slow progress in deregulation and so on, what the United States did was just too bad. The U.S.-Japanese framework talks on bilateral trade were pushed too forcefully to push it anymore, because it got less and less support domestically in the United States. Causes over which both sides can wage battles still remain, but they decided to call a cease-fire because they were tired.

[Shiina] I think a big factor is that no clear distinction can be made on which side private businesses belong because they are so intricately interwoven.

[Okazaki] That is right. During the recent round of framework talks, Japanese Finance Ministry officials could not consult with their U.S. counterparts on the phone. A routine practice is that directors-general discuss matters and come to a general agreement before the prime minister is aware of it. Contacts were completely cut off because of U.S. Trade Representative Mickey Kantor's instruction not to answer the phone. Even if the line were connected, and Japan insisted that it was troubled by the high yen, the talks did not progress while U.S. President Clinton and Kantor persisted in giving Japan a little more of a hard time for a while.

But, because of the large size of the Japanese economy, its continued slump affects the world economy. In consideration for the interests of the United States, Japan and the world economy, they should have come to an adequate response. But that compromise could not be

reached for one and a half years. The damage in the meantime was tremendous. It is only my guess that the currency authorities of Japan and the United States are naturally engaged in working out an agreement now.

[Shiina] I think so, too.

[Okazaki] As a result of the framework talks, the best method to improve the world economy is now known. Therefore, about a year from now, there will be a good opportunity for Japan.

Another problem is North Korea. But because the United States staged negotiations that were too easy, North Korea could not find a reason to break it off. Thus, this issue is also in a lull. What should be dealt with during that one-year time period? The United States will take into consideration the greatest long-range problem of China. I wish Japan would also deal with the China problem.

[Shiina] Because Japan only started to deal with China after the Cold War began, Japan has had absolutely no experience, either fortunately or unfortunately. It is expected to be troublesome because it will be Japan's first experience in dealing with China. This time, Japanese politics must be firm and steadfast.

[Okazaki] Because the United States and China are at odds now, the two nations may be wishing to clear up such complications when President Clinton meets with President Jiang Zemin at the Asian Pacific Economic Cooperation [APEC] general meeting in November. It is important that Japan and the United States should consult and coordinate a China policy before the U.S.-China summit. But, at present Japanese politics cannot do this, because it is not sure what will come of the summit if the Japanese and U.S. leaders meet now.

[Shiina] It is seemingly better not to start anything because the matter requires careful handling. What is bad about present politics is that Japan stops to make preparations for contingencies when it feels nothing will happen in the immediate future, for example in relations with North Korea. And when friction occurs between the United States and China, Japan in a sense thinks "it is all right." Japan rejoices that "they are feuding again."

[Okazaki] In the past 100 years, Japanese-U.S. relations were aggravated only because of the China problem, except for problems related to racial discrimination. Therefore, it is absolutely necessary for Japan and the United States to understand each other on the China issue. From 1952, when the peace treaty was signed, to 1971, Japan and the United States were united as one monolith. Although it was considerably difficult in the face of many pro-Chinese elements within the country, the Eisaku Sato cabinet had enough political

power to control them and firmly cooperated with the United States. That unity collapsed because of Henry Kissinger's visit to China, and both Japan and the United States are competing to get ahead, and have been pursuing random policies for the past 25 years.

Although Japan and the United States have set aside a year-long grace period to work out a united front on China policy, I am afraid that the time will probably be wasted. Before Japan and the United States start to negotiate policies on China, either the U.S.-China summit or adjustment of U.S.-China relations could proceed early, and Japan will stand on the sideline to observe the proceedings. It is very regrettable. I wish Japan would form a little firmer cabinet by November.

[Shiina] It is a kind of evasive action to have unofficial summits during the APEC meetings, because heads of state will have little time to talk. It is unhealthy to play at a kind of performance that will have little time for creative talks. This has to be avoided. Furthermore, many heads of state these days have no ability to take action as the persons concerned.

[Okazaki] But, other heads of state have more ability to take action as the persons concerned than the Japanese. In any case, it is better to hold a round of Japanese-U.S. talks. The U.S. side is willing to have one with Joseph Nei's initiative as its main theme. If the upholding of the Japanese-U.S. alliance is maintained as the main theme, it is hopeful that both policies on China and Asia will grow out of it.

[Shiina] Chalmers Johnson insisted that the Japanese-U.S. mutual security pact should be abrogated, but that does not solve anything, does it?

[Okazaki] No, it does not. This is an old line that the pact should be abrogated in order to reflect on it. The old one should be abandoned in order to work out a better one.

[FBIS Translated Text] [Shiina] In short, he urges Japan to become a normal nation. If Japan stays the way it was described by Joseph Nei, it will never become a normal nation.

[Okazaki] Not only Johnson, but also Richard Armitage, argued to the same effect.

[Shiina] When the mutual security pact was amended in 1960, Nobusuke Kishi also guessed what will come in the future.

[Okazaki] In the 1960 amendment to the security pact, the right to collective self-defense was written into the treaty. But in answering the Diet deliberations, the point was made ambiguous. It can be made into a House of

Councillors resolution, if a clear cut explanation is made on that point.

[Shiina] I wish that detailed and clear cut discussions would be made on that point.

[Okazaki] The Japanese people would not understand it if the point was made in abstract terms. So let it be concrete that in a contingency on the Korean peninsula in which several hundred U.S. soldiers are killed every day, no plane would take off from Japan, which has 300 fighter planes. Then the United States will get upset and the Japanese-U.S. alliance will be torn apart, driving Japan toward starvation.

[Shiina] That is the point. Many people understand that the United States will get angry, but they do not understand that Japan can no longer survive. "Why is it that Japan can no longer survive? The other side will also suffer, will it not?" is the routine remark cited.

[Okazaki] But the Japanese people would gradually begin to understand that Japan must send off fighter planes at the least.

[Shiina] Probably so, but it will not be in time if half a year is required before reaching a conclusion, as in the case of dispatching minesweepers to the Middle East belatedly, to find few mines left to remove.

[Okazaki] Taiwan is a case quite similar to the Korean peninsula. Although the United States will automatically intervene in eventualities in Korea, it depends on the situation whether the United States will do the same in Taiwan. What will happen if Japan does not send even a fighter plane when several U.S. fighter planes are shot down every day over the East China Sea?

[Shiina] Japan cannot take any action because it fears that such an action may be construed as a hostile action and will be retaliated by atomic bomb attacks.

[Okazaki] In the event of Japanese inaction in such cases, Japanese freighters with Japanese automobiles aboard will be chased away from U.S. ports. Because the Japanese economy will have no future then, the Japanese people should be asked whether they will accept a 50 percent wage cut.

[Shiina] There are people who are willing to. (laughter)

[Okazaki] Then you might better ask, "is it all right to cut the wages of those who are on installment plans?" Then those who are not on loan plans say, "it is a pity to cut the wages of such people." (laughter)

Reaffirming the Power of Nuclear Deterrence

[Shiina] A recent Diet resolution expressed absolute opposition to nuclear experiments on the sole ground that

"Japan is the only country which has been subjected to atomic bomb attacks." U.S. President Clinton welcomed it in his statement opposing all nuclear tests, large or small. Is that all right?

[Okazaki] Technicalities are involved there and it will be all right under the nuclear umbrella.

[Shiina] But the reliability of that nuclear umbrella depends on such experiments, does it not?

[Okazaki] It is all right with only simulated experiments, because so many experiments have been conducted so far.

[Shiina] The military wants to go ahead with small experiments, does it not?

[Okazaki] In that connection, men called Dowler and Howard [both names transliterated as published] in the United States published articles entitled: "We Cannot Protect You Without Small-Size Nuclear Weapons." But their arguments shrank before a retorting article entitled: "It Is All Right With Precision Conventional Weapons." Because of scarce funds for new research and development in the United States, such an article is not accepted if it is not supported by the majority of people. It was not because Japan said no, but rather through domestic discussion that it was decided that "no more tests are necessary."

[Shiina] Was that so? But it is necessary for all of us not to forget the necessity of the nuclear umbrella in the Japanese-U.S. alliance.

[Okazaki] It is ridiculous to insist that "all nuclear weapons should be abolished." Since Japan's security is protected by the U.S. nuclear deterrent power, the United States should eradicate its nuclear arms only after it feels safe following the complete eradication of all other nations' nuclear weapons. Other nations should eradicate their nuclear power first and the United States should be the last to do so. Other nations are prohibited to do nuclear tests, while the United States is allowed to do it to the last. These should be Japan's national policies, although it sounds like it would be difficult to make into a Diet resolution. (laughter)

[Shiina] Japan has not considered such things at all. What if the United States declares an absolute ban on the use of nuclear force?

[Okazaki] That cannot be done. Weapons that cannot be used will not be a powerful deterrent.

[Shiina] That is why we are troubled. But the general public doesn't think of this. The power of deterrence is such a difficult thing that it will cause terrible consequences if it is used. That is why it works as a

deterrent. As long as it serves that purpose, it will not be used. A terrible story must be told if its effects are to be explained.

[Okazaki] Port of calls of U.S. naval ships laden with nuclear weapons should be deemed "good," through a House of Councillors' resolution. Telling a lie forever is not good.

[Shiina] It sounds like a Kabuki play called Kanjincho [in which Yoshitsune Minamoto was harassed by his jealous elder brother] because all U.S. naval ships are denounced on suspicion that they have nuclear weapons on board. At least political leaders should be made aware of these facts.

Tokyo, Seoul Agree To Diffuse Bilateral Tension

*OW1910063695 Tokyo KYODO in English
0546 GMT 19 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO — Japanese and South Korean officials agreed Thursday [19 October] to maintain close consultations to diffuse current tensions between the two nations, caused by a recent comment by Prime Minister Tomiichi Murayama that the 1910 Japan-Korea Annexation Treaty was signed in a legally valid manner, a Foreign Ministry official said.

Vice Foreign Minister Sadayuki Hayashi and South Korea's Ambassador to Japan Kim Tae-ji agreed on the need to keep close contact during a hastily arranged meeting at the Foreign Ministry, the official said.

The official who briefed reporters refused to disclose the contents of the 35-minute meeting, saying it was an "informal" discussion.

But he quoted Kim as telling Hayashi that Japan-South Korea relations are going through a "very difficult" time.

The South Korean envoy also explained in detail recent developments within South Korea over Murayama's Oct. 5 comments. These include plans for the South Korean legislature to begin three days of discussions about the incident Thursday, the official said.

At a parliamentary session earlier this month, Murayama said the treaty under which Japan annexed the Korean peninsula was concluded and implemented legally, under the historical circumstances and the nature of international relations of the time.

But he also said the Japanese Government has expressed deep regret and sympathy over the unbearable sorrow and pain inflicted on the Korean people by Japan's 1910-1945 colonial rule of the Korean peninsula.

South Korea, which insists that the treaty was null and void from the beginning, as it was forced against the will

of the Korean people, sharply reacted to the remarks and its national assembly adopted a resolution protesting it.

In Thursday's meeting with Kim, Hayashi said Japan's stance on the treaty is the one Murayama expressed in the House of Representatives last Friday.

After a storm of protests from North and South Korea against his remarks, Murayama said at the lower house's budget committee session last Friday that the treaty was legally valid at the time but that the two sides "were not on an equal footing" when it was concluded.

Murayama Asks Kuwait To Offer Oil to DPRK

*OW1910133595 Tokyo KYODO in English
1253 GMT 19 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO — Prime Minister Tomiichi Murayama asked Kuwait on Thursday [19 October] to offer crude oil as an alternative energy to North Korea through an international consortium to provide light-water reactors to the country, a Foreign Ministry official said.

In a meeting with Shaykh Jabir al-Ahmad al-Sabah, the amir and crown prince of Kuwait, Murayama asked Kuwait to provide the oil through the Korean Peninsula Energy Development Organization (KEDO), the official said.

The amir of Kuwait was quoted as replying that he has instructed his foreign minister to look into the matter.

Japan earlier made a similar request to Kuwait and other countries through diplomatic channels, the official said.

KEDO was set up in March, with Japan, the United States and South Korea playing central roles. The consortium is to replace North Korea's graphite-moderated reactors with two safer light-water reactors which produce less plutonium.

Until the first of the light-water reactors is built, the consortium is to provide alternative energy to North Korea.

Also during the 30 minute meeting which was followed by an hourlong dinner, the amir of Kuwait praised Japan's financial contributions to help the allied forces liberate Kuwait in the 1991 Gulf war, the official said.

Murayama and the amir agreed that Iraq should comply with all related UN Security Council resolutions, he said.

The Japanese prime minister also vowed continued Japanese support for efforts to achieve peace and stability in the Middle East and the Gulf region, he said.

Ministry Official: Aid to Balkans To Increase

*OW1910124295 Tokyo KYODO in English
1022 GMT 19 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO — Japan plans to increase its financial aid to the Former Yugoslavia through international organizations as part of its contribution to the region where a cease-fire took effect earlier this month, a senior Foreign Ministry official said Thursday [19 October].

The official, who spoke on condition of anonymity, said although Japan has not yet decide the specifics of its contributions, it is likely to boost its humanitarian assistance through international organizations and closely watch the peace process in the region.

Since Tokyo has not yet diplomatically recognized Bosnia- Herzegovina, it will first increase its aid through such international organizations as the UN High Commissioner for Refugees (UNHCR) and the International Committee of the Red Cross (ICRC), he said.

Bilateral aid will have to wait until diplomatic recognition, according to the official.

"Japan thinks European countries should play central roles in the problem of the Former Yugoslavia, but of course we should contribute something too, because it is also a global problem," the official said.

In a meeting with foreign minister Yohei Kono last month in New York, U.S. Secretary of State Warren Christopher asked for Japan's financial support for the rehabilitation of the Former Yugoslavia, where peace talks are progressing.

Kono did not give any specific response, but told Christopher that Japan wants access to "substantial information" if it is to make financial commitments.

The senior ministry official said Tokyo wants to participate in the decision-making process on the international community's financial contributions to reconstruct the Former Yugoslavia, "instead of just receiving the check-book when everything is decided."

BOJ Chief Hails G-7 Accord on Stronger Dollar

*OW1110010895 Tokyo KYODO in English
0032 GMT 11 Oct 95*

[By Keiko Tatsuta]

[FBIS Transcribed Text] Washington, Oct. 10 KYODO — Bank of Japan [BOJ] Governor Yasuo Matsushita on Tuesday [11 October] welcomed an accord by the Group of Seven (G-7) nations in favor of a stronger dollar.

Matsushita said at a news conference, "It is getting clearer than at the April meeting that currency authorities of each G-7 nation have a common view on desirable foreign exchange rates."

"This is a major achievement" of a series of international financial gatherings in the U.S. capital starting with Saturday's G-7 meeting, Matsushita said.

In a statement issued after Saturday meeting, G-7 finance ministers and central bankers welcomed the "orderly reversal" since April of the dollar's weakness and said they "would welcome a continuation of these trends consistent with underlying economic fundamentals."

Matsushita said, "Such a stronger agreement will help make exchange rates reflect much more the basic economic fundamentals over the long term."

The central bank chief also said that at the conferences of the International Monetary Fund (IMF) and the World Bank, Japan reassured other nations about the credibility of Japan's financial system.

In view of growing global concern about the stability of the Japanese financial system, Japan took this occasion to fully explain its banking problems to each nation's authorities and people in the private sector, Matsushita said.

"We hoped to secure each nation's confidence in our system by showing our determination to steadily dispose of bad loans," Matsushita said.

"Anxieties about the problems have changed into understanding," he said.

Matsushita said Japan's monetary authorities are determined to resolve problems in the nation's banking sector "by taking drastic actions as promptly as possible."

Asked about the financial fraud at Daiwa Bank, Matsushita said such an individual case was not taken up during the international gatherings, although there could have been an exchange of views and information about the incident outside conference rooms.

"You should think of concern over the financial system and an individual bank's scandal separately," Matsushita said.

Imported Goods 'Slow' Pace of Economic Recovery

*OW1910141495 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 18 Oct 95 Morning Edition p 5*

[FBIS Translated Text] On 17 October, the Ministry of International Trade and Industry [MITI] compiled a report entitled, "Current Situation Regarding Japanese Domestic Industries," in which the ministry analyzed the

industrial trend for 1994. Although the overall industrial activity index, which shows the degree of industrial prosperity, turned to the plus side for the first time in the past three years, domestic production of goods, except such products as electronic machines, was held in check due to an increase in imports of competitive goods in the wake of the yen's appreciation. Because of this, the report says that the pace of industrial recovery is slow compared to past economic recoveries.

The overall industrial activity index is a comprehensive reflection of various production indices — including that of mining and manufacturing industries, tertiary industry, and the construction industry. If we set the industrial activity index for 1990 at 100, the index for 1994 would be 101.1, a 1.3-percent increase from the previous year.

Due to appreciation of the yen, the degree of import penetration index [yunyu shintodo shisu] (average figure for 1990 set at 100) grew to 136 in the final quarter of 1994. Depending on the type of industry, the rate of changes in amount of domestic production varies significantly as the import penetration rate increases.

The import penetration index of the electronic machine manufacturers for 1994 was 8.91 percent, which is about a 1.6-point increase from the previous year. Nevertheless, electronic machines account for 20.4 percent of the overall amount of industrial production, thanks to good demand for semiconductors and other products. This is a 1.2-point increase from the previous year.

Meanwhile, the textile import penetration index [for the same year] was 28.27 percent. This is about a 4-point increase over the previous year and the amount of textile production in the overall amount of industrial production decreased 0.2 point from the previous year.

MITI is of the view that "like textile manufacturers, most industries are confronted with competition created by imported goods" (according to the Research and Statistics Department). It became vividly clear that imported goods put pressure on domestic industries and their increase is a primary factor of slowing down the pace of economic recovery.

Moreover, Japanese manufacturers' ratio of production at home and abroad [naigai seisan hi], which shows the scale of their production abroad in comparison to their domestic production, increases as their production abroad gets into stride. The 1994 ratio was 8.2 percent, which is a 0.8-point increase from the previous year. It seems that the 1995 ratio will reach 8.9 percent. The ratio of production at home and abroad for color TV's

and microwave ovens, in particular, has reached about the 80-percent level.

EPA Head Predicts 'Steady Recovery' Late FY95

*OW1910075895 Tokyo KYODO in English
0734 GMT 19 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO — Japan's economy is expected to move toward a steady recovery during the second half of fiscal 1995, which ends next March, the head of the Economic Planning Agency (EPA) said Thursday [19 October].

Isamu Miyazaki, EPA director general, made the remarks in a speech read by Makoto Kobayashi, vice minister of the agency, at an annual meeting of the Regional Banks Association of Japan.

Miyazaki said the nation's economy remains on a weak note as its stalemate drags on. The environments for employment and smaller businesses remain especially severe, he said.

Under the circumstances, the government decided Sept. 20 on the largest-ever economic stimulus package worth more than 14 trillion yen to take advantage of recently emerging bright signs in the currency and stock markets, Miyazaki said.

Coupled with the effects of a cut in the official discount rate earlier in September to a historic low of 0.5 percent per year, the steady implementation of the pump-priming measures will bring the economy back on a steady recovery in the latter half of the current fiscal year, he said.

MOF Urges Writing Off Bank's Overseas Debts

*OW1910142195 Tokyo YOMIURI SHIMBUN
in Japanese 19 Oct 95 Morning Edition p 1*

[FBIS Translated Text] To write off the losses of failed Hyogo Bank [head office in Kobe city], the Ministry of Finance [MOF] and the Bank of Japan [BOJ] disclosed on 18 October that it will ask institutional investors overseas to abolish 40 percent of the \$150 million-worth of debentures Hyogo Bank issued in foreign markets. This will be the first case in which foreign investors will be asked to give up Hyogo Bank debentures they are holding. Since "it is an unprecedented case" (according to a senior BOJ official) for the monetary authorities to ask foreign investors to abolish principal and interest of debentures, there is the possibility that foreign distrust of Japan's financial system will deepen.

Such a measure was disclosed in a petition — which the MOF sent to Japanese life and nonlife insurance companies — calling for cooperation in writing off Hyogo

Bank debts. In the petition, the monetary authorities indicate a plan "to ask [Hyogo Bank's] deferred debenture holders to cooperate with deferred loan creditors in writing off losses." If the petition is accepted, foreign investors are to give up approximately \$60 million, 40 percent of principal and interest of deferred loans amounting to \$150 million. For the monetary authorities, it is necessary to maintain consistent policies by making the same request to institutional investors overseas because they have already requested the abolition of 40 percent of Hyogo Bank's debentures to life and nonlife insurance industries, which have deferred loans totalling 55 billion yen [approximately \$550 million] for Hyogo Bank.

Starting in June 1991, Hyogo Bank issued dollar-denominated deferred debentures amounting to \$150 million (with a 10-year maturity period) through its overseas affiliated firms to increase its owned capital.

Matsushita on Write-Offs of Loans

*OW1910063795 Tokyo KYODO in English
0540 GMT 19 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO — Bank of Japan (BOJ) Governor Yasuo Matsushita said Thursday [19 October] the central bank is doing its best to help troubled financial institutions expedite write-offs of bad loans, while protecting the stability of Japan's financial system.

Matsushita, in a speech at a convention of the Regional Banks Association of Japan, said the writing off of bad loans at failed financial institutions is essential to normalizing the Japanese financial system.

Matsushita said, however, that financial aid by the central bank to individual institutions is an "emergency measure" that will apply only until other arrangements are made for writing off their bad loans.

He expressed hope that a national consensus will soon be reached on the proposed expansion of the deposit insurance system and use of public funds to deal with the collapse of financial institutions.

The government's finance system research council is discussing ways of dealing with bankruptcies of financial institutions.

Matsushita also said individual financial institutions should step up their own restructuring efforts, although frameworks are being established for expediting write-offs of bad loans while maintaining the stability of the financial system.

Commenting on the national economy, Matsushita said the central bank has eased credits four times since last

March, bringing its official discount rate down to a record low of 0.5 percent.

Low interest rates combined with the government's latest pump-priming measures are expected to stimulate the slow-moving economy in the coming months, he said.

Finance Ministry Said Stepping Up Banks Probes

*OW1910124795 Tokyo KYODO in English
1105 GMT 19 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO — The Finance Ministry is increasing the frequency of its surveys on the financial positions of Japanese banks amid growing concern over escalating fund-raising costs in overseas markets, ministry officials said Thursday [19 October].

The step is intended to find banks at an early stage which could fall into difficulties in borrowing foreign currency funds, the officials said.

Since August, the ministry has been conducting such surveys several times a month on lower-ranking commercial banks and some trust banks in addition to regional banks, they said.

The ministry usually carries out fund position surveys before banks face strong fund demand at year-end or in the account settlement period of March.

But the ministry decided to accelerate the pace, since Japanese banks have been slapped with additional interest rates for raising funds overseas, the officials said.

The additional rates, better known as the Japan premium, reflect dwindling global confidence in the soundness of Japan's financial system following a series of failures of lending institutions.

The recent revelation of the trading scandal at Daiwa bank's New York branch has made the premium even higher.

The officials said the ministry, while keeping close contact with U.S. monetary authorities, will consider measures to cope with possible fund-raising crises at Japanese banks.

The ministry also plans to urge banks with high credit ratings to provide funds to those with lower ratings, they said.

Takemura Considers 'Strict Action' Over Fraud

OW1910063895 Tokyo KYODO in English
0524 GMT 19 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO — The Finance Ministry is prepared to take strict action against Daiwa Bank in the wake of a financial fraud involving huge trading losses in the bank's U.S. operations, Finance Minister Masayoshi Takemura said Thursday [19 October].

Takemura made the remarks in a speech read by Vice Finance Minister Kyosuke Shinozawa at an annual meeting of the Regional Banks Association of Japan.

The ministry will decide on what action to take after it sees the results of its own investigation into the affair as well as a detailed report due from the bank, Takemura said.

The ministry has asked Daiwa Bank to clarify the facts in a series of scandals, to conduct an overall checkup of its internal supervising system, and to report promptly on necessary remedies, Takemura said.

Daiwa Bank posted a 1.1 billion dollar loss at its New York branch, while its New York-based subsidiary, Daiwa Bank Trust Co., incurred a 97 million dollar loss.

Regarding the problem of bad loans at many Japanese financial institutions, Takemura reiterated that the ministry will do its utmost to find a solution within the year.

The ministry will study the advisability of "public commitment, including the provisional use of public money," to dispose of the huge amount of bad loans that are weighing down housing loan companies in particular, he said.

On foreign exchange rates, Takemura said Japan will continue close cooperation with other nations to create a stronger dollar.

Takemura repeated his previous comments that recent currency movements still represent "an orderly reversal" of the dollar's excessive weakness, as agreed in April by the Group of Seven (G-7) major nations.

Earlier in October, the G-7 countries reached a common recognition that a continuation of "these trends" would be welcome, he said.

Finance Official Downplays Banks Fund Problems

OW1910094395 Tokyo KYODO in English
0925 GMT 19 Oct 95

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO — Vice Finance Minister Kyosuke Shinozawa on Thursday [19 October] downplayed the seriousness of reported liquidity problems at Japanese banks operating overseas.

"Japanese banks are not in a state that would immediately lead to significant inconvenience in securing liquidity," Shinozawa told a news conference.

"The Finance Ministry will closely monitor Japanese banks' overseas operations so that their foreign currency funds will not run short," Shinozawa said.

Shinozawa was commenting on a report about the U.S. Federal Reserve Board's plans for an emergency liquidity-infusion scheme for Japanese banks.

In a recent interview with THE NEW YORK TIMES, James Leach, chairman of the House Banking and Financial Services Committee, disclosed details of a contingency agreement between the Fed and Japanese monetary authorities meant to provide liquidity to Japanese banks in the event of a crisis.

The agreement would allow the fed to provide the Japanese central bank with billions of dollars in exchange for its holdings of U.S. Treasury debts in the event of an emergency at Japanese banks.

"The Japanese Finance Ministry and U.S. financial authorities are keeping close consultations in a timely and appropriate manner," Shinozawa said.

But he avoided commenting on whether or not the reported agreement between the two countries exists. "We have a policy of not commenting on details of monetary consultations between the two parties," he said.

THE NEW YORK TIMES' report refueled global concern over Japan's banking sector by underscoring anew the severity of the crisis the sector is facing.

As a result, fund-raising costs by Japanese banks in the U.S. and European markets further increased in the past several days.

On the disposal of bad loans facing housing loan companies, Shinozawa said a basic blueprint has yet to be drawn up.

Shinozawa denied that the Finance Ministry is moving to have the founding banks of house lending companies put up most of the money for the disposal of the bad loans.

Mass media reports say that founding banks played a key role in the current plight at Japan's eight housing lenders by introducing many corporate clients to them.

Loans extended by the eight housing lenders to clients they met through such introductions accounted for about 10 percent of their total lending balance of 11.4 trillion yen as of the end of June 1995.

This information may support the argument that these founding banks — rather than banks affiliated with agricultural cooperatives, the largest group of creditors — should take chief responsibility in the bailout scheme for the eight housing lenders.

"These figures came from the housing lenders," Shinozawa said. "Founding banks have yet to confirm them. The latest information thus would not provide any base for crafting a solution for the problem."

Ministry, Banks Agree To Form Consultative Body

*OW1910125995 Tokyo KYODO in English
1158 GMT 19 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO — The Finance Ministry and the founding banks of seven housing loan companies agreed Thursday [19 October] to set up a consultative body to mediate between the founding banks and farm banks on how to liquidate losses from the housing lenders' bad loans, ministry officials said.

The consultative body will also seek to work out an agreement between the two camps over the details of a ministry plan to set up an institution to take over nonperforming loans from the housing lenders, the officials said.

The ministry has so far left the banks, which founded the housing lenders in the 1970s, and farm banks affiliated with agricultural cooperatives to reach an agreement among themselves on how to share the cost of liquidating massive losses stemming from the lenders' uncollectible loans.

However, the ministry has decided to mediate between the two camps in view of their protracted squabble over who should bear the financial burden, they said.

A project team of lawmakers from the three ruling coalition parties has been seeking the establishment of such a consultative body to resolve the squabble between the founding and farm banks, which lent a total of 5.5 trillion yen to the nation's housing lenders.

Discussions at the body will also revolve around such issues as how to share the cost of putting up capital for the new institution taking over the bad loans and the details of a proposal to have the institution issue bonds whose redemption and interest payments are guaranteed by the government, they said.

The ministry is reportedly considering having the institution issue such government-guaranteed bonds on the assumption that the bonds will be swapped with the creditor financial institutions' uncollectible loans to the housing loan companies.

The nation's eight housing lenders are saddled with a total of 7.7 trillion yen in losses stemming from uncollectible loans mainly to real estate developers during the "bubble economy" of the late 1980s.

The founding banks and farm banks have remained at loggerheads despite the past three rounds of talks. Each camp is urging the other to take the greater share of financial responsibility or complete responsibility for covering the losses.

During the day's meeting between ministry officials and representatives of the founding banks, the banks told the ministry they are under pressure from the farm banks to specify the amount they are ready to cover, they said.

The ministry officials in turn urged the founding banks to speed up efforts to reach a compromise with the farm banks in line with a Japanese vow to the international community to work out measures to clean up the bad-loan mess by the year-end, they said.

The ministry wants to mediate successfully between the two camps so that it can push parliamentarians to approve a ministry proposal to spend taxpayers' money to help liquidate some of the losses, they added.

Finance Ministry Plans To Issue Deficit Bonds

*OW1910130295 Tokyo KYODO in English
1244 GMT 19 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO — The Finance Ministry plans to issue deficit-covering bonds worth more than 8 trillion yen to finance the fiscal 1996 national budget, ministry officials said Thursday [19 October].

In the previous six years, the ministry issued no deficit-financing bonds in the initial budget to avoid worsening the fiscal situation.

The expected deficit-covering bonds will include those issued to secure fiscal resources for income tax cuts, a step to be taken to boost Japan's sluggish economy, the officials said.

The ministry will be forced to drop its policy of not issuing deficit-covering bonds due to slow growth in tax revenues and increasing difficulties in fiscal management through so-called "hidden debts."

The ministry has been suspending the allocation of general account funds to the national debt consolidation fund to secure resources for government bond redemptions.

It has also been allowing the general account to borrow funds from special accounts, such as the foreign exchange fund special account.

The outstanding balance of hidden debts stemming from such technical measures is estimated to reach as much as 41 trillion yen at the end of fiscal 1995, or March 31 next year.

Observers said there is strong criticism of the ministry's fiscal management depending on hidden debts.

Shortages in fiscal resources for government bond redemptions will not allow the ministry to continue suspending the allocation of general account funds to the debt consolidation fund any more, they said.

Based on spending requests made last summer by government ministries and agencies, the general account budget for fiscal 1996 is estimated at 79,192.5 billion yen. The sum is more than 9 trillion yen larger than the government's revenues expected for that year.

Ministry Considers New Phone-Based PC System

*OW1910040095 Tokyo KYODO in English
0146 GMT 19 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO - The Posts and Telecommunications Ministry and about 50 companies are planning to develop a new system for wireless personal-computer communications through the personal handy-phone system (PHS), ministry officials said Thursday [19 October].

The ministry and the companies involved set up the PHS internet access forum on Wednesday to promote the development, the officials said, confirming an economic daily's morning report.

Among the firms are Nippon Telegraph and Telephone Corp. (NTT), Japan's international telecom giant KDD, NEC Corp., Matsushita Communication Industrial Co., Sharp Corp., Intel Japan K.K. — a Japan unit of Intel Corp. of the United States — and Tokyo Electric Power Co., they said.

"The development will last for about one year," said a ministry official. "Experiments with on-line shopping and other services by way of PC [personal computer] communications will be carried out during the period."

After that, the ministry and companies involved intend to start marketing the system to the public, he said.

PC communications are spreading rapidly in Japan mainly through the Internet global PC network.

The ministry believes wireless PC communications will spread fast among Japanese businesses and households if PHS service is used.

PHS handsets are handheld mobile phones which use small base stations for communications at much lower usage fees than the average cellular service.

The PHS service began in the Tokyo and Sapporo areas in July, and was made available nationwide in Japan this month.

Mongolia

Reportage on Kuwaiti Amir's Visit to Ulaanbaatar

Meets Prime Minister, Speaker

*LD1610122495 Kuwait Radio Kuwait in Arabic
1000 GMT 16 Oct 95*

[FBIS Translated Text] His highness the amir at 1700 this afternoon Mongolian time received Mr. Puntsagiyn Jasray, his excellency the prime minister in the Republic of Mongolia, at his place of residence in the Mongolian capital Ulaanbaatar. His highness also received at 1800 Mongolian time Mr. Natsagiyn Bagabandi, the speaker of the parliament in the Republic of Mongolia. The two audiences were attended by 'Abd al-Rahamn Salim al-Atiqi and Muhammad Sulayman Sayid Ali al-Rifa'i, the two advisers at the amiri court, the deputy of the amiri Court, chief of the amir's office, and the ambassadors of both countries.

Discusses Relations

*LD1610211395 Kuwait KSC Television in Arabic
1800 GMT 16 Oct 95*

[FBIS Translated Excerpt] Official talks between Kuwait and the Republic of Mongolia start tonight in the Mongolian capital Ulaanbaatar, where his highness the amir is to have a meeting with the Mongolian President Punsalmaagiyn Ochirbat, in the presence of the delegations of the two countries.

His highness, may God protect him, and the delegation accompanying him had arrived in the Mongolian capital this morning on an official three-day visit. Details follow from the media delegation accompanying his highness the amir.

[Unidentified correspondent] [passage omitted] At about 1700, his highness the amir received his excellency the Mongolian Prime Minister Puntsagiyn Jasray, in his highness's place of residence, the palace of hospitality [as heard].

Then, his highness, may God protect him, received the Mongolian Speaker Natsqiyn Bagabandi [chairman of the Great Hural]. [passage omitted]

[Begin recording] [Correspondent] We welcome his excellency the Mongolian president on Kuwaiti television. Your excellency the president: His Highness Shaykh Jabir al-Ahmad al-Jabir al-Sabah, the amir of Kuwait, is visiting your country. Your country has held honorable,

principled stances since the beginning of the unfair Iraqi invasion of Kuwait. The effects of this invasion are still there including the issue of the Kuwaiti prisoners. Could we aspire for your excellency's efforts and endeavors to speed up the release of these innocent prisoners and put pressure on the Iraqi regime to abide by the UN resolutions and implement them?

[Ochirbat in Mongolian with superimposed Arabic translation throughout] [Passage omitted]

[Correspondent] Another question your excellency: How do you see the future development of Kuwaiti-Mongolian relations?

[Ochirbat] Mongolia is a small country. [passage indistinct] We know how to defend the independence of our land, as a small country. This is why we give great importance to the development of relations with small countries [words indistinct] on the international arena.

[Correspondent] One last question your excellency: As you know the effects of the unfair Iraqi invasion of Kuwait are still there. We are hoping that the efforts of your excellency will lead to speeding up the release of innocent Kuwaiti prisoners and putting pressure on the Iraqi regime to abide by the UN resolutions and implement them.

[Ochirbat] As you know, since the first day of the Iraqi invasion, the Mongolian People's Republic announced its condemnation of the Iraqi aggression. It stood by the Kuwaiti people's side. We have had firm and principled stances on the side of the Kuwaiti people. Mongolia was always on the side of the Kuwaiti people and with the UN resolutions calling for the withdrawal of the Iraqi aggressor force from Kuwait. After that [Mongolia has been calling for] the release of the Kuwaiti prisoners from Iraq and the implementation of all the UN resolutions and all the other ones. Mongolia has always supported the resolutions issued by the United Nations, the Nonaligned Movement, and other organizations. This Mongolian stance is still valid and will not change. [passage omitted] [end recording]

Economic Agreement Signed

*LD1710174495 Kuwait KUNA in Arabic
1517 GMT 17 Oct 95*

[FBIS Translated Excerpt] Ulaanbaatar, 17 Oct — The State of Kuwait and Mongolia today signed an economic cooperation and technical agreement.

The agreement was signed on the Kuwaiti side by Oil Minister Dr 'Abd-al-Muhsin al-Mid'aj, and on the Mongolian side by Trade and Industry Minister Tsebegmidiyn Tsogt, in the presence of the Foreign Ministry Under Secretary Sulayman Majid al-Shahin,

and the director-general of the [word indistinct] fund, the official talks between Shyakh Jabir al-Ahmad and the Mongolian President Ochirbat, in addition to the talks which took place with the deputy prime minister for industry and trade affairs.

He pointed out that the agreement provided for increasing and developing economic and trade ties between the two countries, and encouraging the establishment of economic, financial, commercial, industrial, and tourism projects [words indistinct]. The agreement also provides for the formation of a joint committee to strengthen and coordinate economic, trade, and technical cooperation. [passage omitted]

Joint Communique Issued

*LD1810144295 Kuwait Radio Kuwait in Arabic
1000 GMT 18 Oct 95*

[FBIS Translated Excerpt] The following joint communique has been issued on the occasion of the visit of His Highness Shaykh Jabir al-o al-Sabah, to the Republic of Mongolia from 16 to 18 October 1995.

On the invitation of the Mongolian President Punsalmaagiyn Ochirbat, His Highness Shaykh al-Sabah, amir of the State of Kuwait, paid an official visit to Mongolia between the 16 to 18 October 1995.

His Highness and the accompanying delegation were received with hospitality which reflected the spirit of friendship and solidarity between the two countries.

The official talks between President Ochirbat and Shaykh al-Sabah, and between the two accompanying delegations took place in a cordial atmosphere.

The two sides reviewed bilateral relations and issues of common concern.

Natsagiyn Bagabandi, chairman of the Mongolian Parliament, and Mongolian Prime Minister Puntsagiyn Jasray, visited Shaykh al-Sabah at his place of residence, where talks were held in an atmosphere of understanding and friendship.

While reviewing political issues of common concern, and following the full explanation provided by Shaykh al-Sabah, on the background to the wicked Iraqi aggression on Kuwait and its effects, the two sides stressed the need for the Iraqi regime to implement all the UN Security Council's resolutions in connection with its aggression against Kuwait without exception, particularly in connection with respecting the sovereignty and independence of Kuwait, releasing all prisoners and detainees from Iraqi prisons, and paying reparations for damage resulting from its aggression.

The two sides agreed that the Iraqi people's suffering was caused by that regime's noncompliance with those resolutions.

In this respect, Shaykh al-Sabah praised Mongolia's principled stance in support of Kuwait in facing up to the Iraqi aggression and its effects.

The Mongolian side once more expressed its continued support and its firm solidarity with the government and people of Kuwait in their efforts to remove the damage resulting from Iraqi aggression, affirming the national sovereignty, independence, and sanctity of Kuwaiti territory. [passage omitted]

Shaykh al-Sabah pointed out that aid for Mongolia would be through economic and technical channels, particularly the Kuwaiti Fund for Arab Economic Development. [passage omitted]

The two sides agreed on strengthening the atmosphere of bilateral understanding and trust between Mongolia and Kuwait for developing cooperation in the political, economic, commercial, and cultural spheres on the basis of recognized international principles and conventions, and the provisions of international law, where the development of cooperation and friendship relations between Mongolia and Kuwait was not only for the service of the peoples of the two countries but also for the joint goal in stability and prosperity in Asia and the rest of the world.

The two sides stressed their joint will to develop economic cooperation in all spheres. Within this framework, they signed an agreement for economic and technical cooperation and also agreed on examining the draft agreements in connection with encouraging and protecting investment, avoiding double taxation, and cultural cooperation.

The Kuwaiti side approved that the Kuwaiti Fund for Arab Economic Development should undertake a study of the development projects proposed by the Mongolian side in preparation for providing help in financing those which agreed with the laws and regulations observed at the Kuwaiti Fund.

While welcoming the positive developments in international relations, the two sides stressed the need to strengthen the efforts to maintain peace and stability, promote the demilitarization march, strengthen the nuclear weapons nonproliferation treaty, and to ban other weapons of mass destruction, particularly the chemical and biological ones.

They welcomed the efforts to establish peace in the Middle East and expressed their hope that these efforts would lead to the establishment of a just, comprehen-

sive, and durable peace in this region which is based on guaranteeing the national rights of the Palestinian people and recovering all the occupied Arab lands.

The two sides stressed that the development of mutual, equal, and fruitful cooperation between Asian countries would strengthen peace, stability, and cooperation.

Both sides affirmed the need to solve disputes and conflicts by peaceful means through negotiation on the basis of the UN Charter and international law.

Shaykh al-Sabah expressed his thanks to President Ochirbat for the cordial welcome. He extended an official invitation to him to visit Kuwait, which the Mongolian president accepted appreciatively. The date of the visit will be agreed through diplomatic channels.

Concludes Visit

*LD1810115495 Kuwait Radio Kuwait in Arabic
0700 GMT 18 Oct 95*

[FBIS Translated Excerpt] His Highness Shaykh Jabir al-Ahmad al-Jabir al-Sabah, the amir, this morning, with God's protection and care, left the Mongolian capital, Ulaanbaatar, heading, may God preserve him, for Tokyo at the end of his three-day visit. [passage omitted]

North Korea

Daily Views Kim Yong-sam's Policy Speech

*SK1910052995 Pyongyang KCNA in English
0508 GMT 19 Oct 95*

["NODONG SINMUN on Traitor Kim Yong-sam's 'Policy Speech' — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA) — The traitor Kim Yong-sam of South Korea, in his "policy speech" the puppet prime minister read at the "National Assembly" on October 16, charged that the North has "turned aside from dialogue with the South" and intended to "wreck the Armistice Agreement."

In this regard NODONG SINMUN says in a commentary today:

After coming to power, the traitor nullified the North-South agreement and the joint declaration on the denuclearization by restarting the Team Spirit joint military exercises. He, far from expressing condolences to the dialogue partner over its misfortune, issued an "emergency alert order" throughout South Korea, directed guns at the North and committed an anti-national, anti-ethical crime of the blackest dye by harshly suppressing South Korean people who were mourning the father of the nation.

By doing so, he revealed that he is not interested in dialogue with the North and lost the quality and justification as a dialogue partner.

If he is truly willing to have dialogue with the North, he must show a sincere attitude towards dialogue by apologizing for his crimes against the nation and reunification, abolishing the "National Security Law," which is a high hurdle to national reconciliation, unity and reunification and pulling down the concrete wall.

Kim Yong-sam is persistently opposing the establishment of a peace-keeping system in the Korean peninsula, in the hope of obstructing peace and reunification with the old armistice system left intact and the DPRK and the United States kept in hostile relations.

He is trying to make impressions that he is interested in the improvement of inter-Korean relations and detente. But it is the South Korean puppets who are driving the situation of the country to the brink of war by staging the "Foal Eagle 95" military exercises as large as the "Team Spirit" nuclear war exercises against the North, with outside forces.

They would be well advised to clearly see the situation and stop acting rashly.

Commentary on Kim Yong-sam's 16 Oct Remarks

*SK1910095095 Pyongyang Korean Central
Broadcasting Network in Korean
1221 GMT 18 Oct 95*

[Commentary by Kim Ho-sam: "Brazen-Faced Behavior Reversing Black and White"]

[FBIS Translated Text] On 16 October traitor Kim Yong-sam delivered, via the puppet prime minister, a so-called policy address at the puppet National Assembly. In the address the traitor raved brazen-faced, hackneyed remarks of reversing black and white, laying the blame at our door.

Traitor Kim Yong-sam babbled that the North has refused holding a dialogue between North and South authorities, that the North is trying to destroy the armistice system, that he is making efforts for the alleviation of aggravated North-South relations and for North-South cooperation, and the like. Presumptuously, he went so far as to utter that he is making efforts to build a peace system on the Korean peninsula and to realize reconciliation and cooperation between the North and the South.

And then, he also uttered the silly remarks that he is keenly watching developments in the North, that the South has firmly established all preparations to rapidly and effectively cope with any emergency, and that he

will continue to push ahead with the reinforcement of the puppet army's combat capability.

There is a proverb that not one of the twelve calls of a crow makes music. Likewise, we can expect nothing other than nauseating voices from the mouth of the colonial puppet traitor. Accordingly, the rascal's remarks are not worth discussing here. However, we are going to make clear at least some matters here.

First of all, traitor Kim Yong-sam babbled that we have refused holding normal dialogue between authorities. Who on earth has destroyed and refused dialogue?

As we know, North-South dialogue was held even in the late stage of the military dictatorship in the Sixth Republic in South Korea. This notwithstanding, North-South dialogue has been completely suspended and frozen since Kim Yong-sam rascal took the seat of power under the mask of so-called civilian-led government. Everyone knows this fact.

in his inauguration address traitor Kim Yong-sam babbled about a reunified fatherland where the divided nation is united as one and lives peacefully and the like. However, he also clamored that he will not shake hands with the side possessing nuclear weapons and that he will not improve North-South relations without solving the nuclear issue. People still clearly remember this even now.

In the address the rascal also babbled that he will not allow any form of North-South contact unless the puppet government approves.

That such a rascal is babbling today that we have refused North-South talks is indeed preposterous.

As everyone knows, the fatherly leader [suryong], who devoted all possible efforts to reunifying the divided country until his last moment, forgave traitor Kim Yong-sam for his antinational and antireunification crimes in order to provide an opportunity for dialogue. Nevertheless, as all of us know well, traitor Kim Yong-sam committed the grave, antipopular, antinational crime at the time when our nation underwent the unexpected mishap for the first time in history. Thus, he had the opportunity for dialogue, which was created with much efforts, blow away. In this way, traitor Kim Yong-sam revealed through his deed that he has no intention to hold dialogue although he talks about it.

This notwithstanding, traitor Kim Yong-sam clamors that we have refused dialogue, like a thief turning on the victim with a club. This is indeed brazen-faced.

We cannot but regard traitor Kim Yong-sam as a vagrant who already has lost the qualification and justification as the partner of dialogue with us.

Next, traitor Kim Yong-sam also clamored that we are attempting to destroy the armistice system, that he has made active efforts for detente on the Korean peninsula and for the promotion of North-South relations of cooperation, and that he is making efforts to build a peace system on the Korean peninsula and to realize reconciliation and cooperation between the North and the South. This is also a brazen-faced behavior reversing black and white.

It is none other than the United States and the South Korean puppets who destroyed the armistice system on the Korean peninsula, and it is also none other than the United States and the South Korean puppets who have aggravated tension there. It is needless to further explain this here. However, what we should mention here is the issue of establishing a new peace guarantee system on the Korean peninsula.

The issue of replacing the outdated [nalgon] Armistice Agreement with a new peace agreement in our country is not only the unanimous demand of our nation, but is also a serious demand of the times.

Forty-two years have passed since the Armistice Agreement was concluded on the Korean peninsula. In no other country's history have we witnessed the continuation of such an unstable state of armistice for such a long time. In light of the situation of the present state of armistice, as well, it is imperative to revise the Armistice Agreement at the earliest possible date.

The present Armistice Agreement has been unable to perform any function in preventing a war in Korea, and the Armistice Committee itself has also become a nominal organization.

Establishing a new peace guarantee system under such circumstances has become a most urgent task for the present. Meanwhile, this issue should be solved between us and the United States; it is not an issue in which South Korea should be involved. This, first of all, involves the parties concerned with the Armistice Agreement. In other words, the parties concerned with the conclusion of the Korean Armistice Agreement are our Republic and the United States of America.

The South Korean puppets are not a (?signatory) of this agreement. Rather, they opposed this agreement when it was signed. The world knows this well.

Next, in light of who has the supreme command prerogative over the South Korean Army in South Korea, the South Korean puppets cannot be involved in this. It is a well-known fact that the supreme command prerogative of the South Korean Army in South Korea lies in the hands of Commander of the U.S. Forces in

Korea, who is also the commander of the Eighth U.S. Army.

Therefore, it is indeed preposterous that the South Korean puppets — who are not a signatory to the Armistice Agreement and who lack the prerogative of supreme command of their Armed Forces — are attempting to wedge themselves into the issue of establishing a new peace guarantee system on the Korean peninsula.

We can say that a peace guarantee system between the North and the South has already been virtually provided in a document. The document is precisely an agreement on reconciliation, nonaggression, and cooperation and exchange adopted between the North and the South in December 1991.

This basic agreement specifies all matters, including the matters on nonaggression and peace guarantee between the North and the South. The problem is to correctly implement this basic agreement.

Regarding the issue of establishing a new peace guarantee system in our country, there are no details which need to be discussed separately sitting face to face with the South Korean puppets. Traitor Kim Yong-sam's attempt to be involved in establishing a new peace guarantee system on the Korean peninsula is not aimed at achieving peace on the Korean peninsula, but aimed at hindering the establishment of a peace guarantee system between us and the United States.

Next, traitor Kim Yong-sam clamored this time again as if he had been making efforts for the alleviation and tension and for the promotion of North-South cooperation. This was designed to deceive the South Korean people. In actuality, the puppets have never made efforts for the alleviation of tension and for the promotion of North-South cooperation. What they have done is that they have aggravated tension and destroyed peace.

Even now, traitor Kim Yong-sam is aggravating tension and destroying peace.

In his policy address the rascal raved that he will keenly watch the developments in the North, that he will rapidly and effectively establish all possible preparations to cope with any possible emergency, that he will push ahead with the reinforcement of the puppet army's combat capability, and the like.

In addition, now, the puppets are waging the Foal Eagle-95 joint military exercise together with the U.S. forces.

All facts more vividly reveal that traitor Kim Yong-sam is a vicious warmonger, a splittist, and a confrontation

element. No matter how frantically he may utter sophistories by reversing black and white traitor Kim Yong-sam can never cover up his dirty crimes of having committed against the country and the nation.

It has been a long time since the South Korean people passed a sentence of death on traitor Kim Yong-sam. The South Korean people will impose a grave punishment on traitor Kim Yong-sam who is a vicious enemy of peace and reunification.

Kim Yong-sam on National Security Law Criticized
SK1910103095 Pyongyang KCNA in English
1012 GMT 19 Oct 95

["'NSL' Must Be Repealed at Once" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA) — The traitor Kim Yong-sam in a recent "interview" with the Canadian paper GLOBE AND MAIL cried that South Korea could not repeal the "National Security Law" [NSL] because it "defends democracy", a Seoul-based radio report said.

This is an absurd rigmarole intended to conceal the fascist nature of the "National Security Law" under the signboard of "defence of democracy."

As is known, the "National Security Law" is an unprecedented anti-national, anti-reunification and undemocratic law which defines North Korea and overseas Koreans' patriotic organisations as "anti-state organisations" and all the people in the North and overseas Koreans as "members of anti-state organisations" and brands all South Korean organisations calling for democracy of society and their members as "pro-communist, enemy-benefitting organisations" and "leftist and pro-communist forces."

South Korea is the only country in the world in which such an evil law exists in the present time, which is nearing the 21st century, not in the medieval age.

By crying that he would "defend" the "law", Kim Yong-sam revealed once again his ugly nature as the traitor to the nation, the separatist and strangler of the nation.

The traitor Kim Yong-sam as well as the "National Security Law" must be thrown into the dustbin of history.

Report on South's 'Grave Military Provocations'
SK1910044695 Pyongyang KCNA in English
0436 GMT 19 Oct 95

["Continued Military Provocations" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA) — The South Korean puppets committed a grave military provocation against the North on October 17, timing to coincide with the criminal "Foal Eagle 95" joint military exercises against the north, according to military sources.

Puppet army soldiers armed with machine guns and automatic rifles wormed into the Demilitarized Zone of the western sector of the front and fired some 20 bullets. And puppet army soldiers posted there assumed a posture of firing heavy weapons and automatic rifles at civil policemen of our side.

At the same time hundreds of puppet army soldiers came into the Demilitarized Zone of the central sector of the front and staged an offensive operation exercise to break through the Military Demarcation Line.

The continued military provocations and war moves of the South Korean puppets are an open challenge to the desire and wishes of the whole nation for the peace and peaceful reunification of the country.

Resignation of Japanese Premier Demanded in South

SK1910111295 Pyongyang KCNA in English
1030 GMT 19 Oct 95

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA) — Over 50 members of the Association of South Korean A-bomb Victims held a rally in front of the Japanese Embassy in Seoul on October 16 to denounce the remarks of Japanese Prime Minister Murayama and demanded his resignation, according to a radio report from Seoul.

They in a statement denounced the Japanese Government for excluding Koreans in Japan from lawful protection for the reason that they do not have Japanese citizenship.

South Opposition Adopts Resolution on Kwangju

SK1910111195 Pyongyang KCNA in English
1022 GMT 19 Oct 95

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA) — The South Korean opposition Democratic Party held a party caucus on October 16 and adopted a resolution demanding the enactment of a special law for the punishment of those responsible for the

"December 12 Army purge" and the May 18 Kwangju massacre, according to a radio report from Seoul.

The resolution demanded the resignation of the puppet chairman of the Joint Chiefs of Staff and all others involved in the "December 12 Army purge" and the May 18 Kwangju bloodbath.

Representatives of about 2,300 doctors in South Korea held a press conference in Seoul on October 17 and made public a statement demanding the punishment of the murderers of Kwangju citizens.

The statement demanded that the special law be enacted, the murderers be brought to trial and the present "government" apologize to the people for backing the criminals.

On the same day members of the National Alliance for Democracy and Reunification opened a meeting in Seoul to urge the enactment of the May 18 special law before visiting the building of the Democratic Liberal Party to convey a document of protest, and students representing the Kwangju and South Cholla Provincial Federation of University Student Councils sent an open letter demanding probe into the truth behind the Kwangju incident to the director of the "U.S. Cultural Centre" in Kwangju.

People Urge Punishment of Kwangju 'Murderers'

*SK1810111595 Pyongyang KCNA in English
1017 GMT 18 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 18 (KCNA) — Some 600 students affiliated with the Kwangju and South Cholla Provincial Federation of University Student Councils of South Korea struggled in the area of Kurnam Street in Kwangju on October 16 in demand of the enactment of a special law, the introduction of a special prosecutor system and the release of imprisoned fellow students, their hearts burning with surging hatred for the Kwangju murderers and the "civilian"-veiled fascist clique, who are patronizing them, a Seoul-based radio reported.

On the same day, over 150 teachers of primary and middle schools in Taejon called a press conference, at which they denounced the puppet authorities for acquitting the murderers from their crimes and distorting history and urged them to enact a special law for the detainment of those responsible for the May 18 Kwangju massacre at an early date.

On October 15, some 300 doctors in Pusan in a statement said that the decision not to prosecute those related to the May 18 incident is an act of justifying the coup staged by the murderers.

The statement urged the authorities and the "National Assembly" to enact a special law and introduce a special prosecutor system to bring the murderers to trial.

Association Denounces Human Rights 'Violation'

*SK1710103095 Pyongyang KCNA in English
1021 GMT 17 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 17 (KCNA) — The International Association Against Torture recently sent a letter to the participants in the general meeting of the UNESCO accusing the Kim Yong-sam group of its violation of human rights.

It cited materials to expose that a large number of followers of the chuche idea and university teachers were recently arrested in South Korea on groundless charges that they violated the "National Security Law", a fascist law.

It drew attention to the fact that the South Korean authorities not only detained Pak Yong-kil, widow of Rev. Mun Ik-hwan, for the mere reason that she visited Pyongyang to attend the memorial ceremonies on the occasion of the first anniversary of the death of the great leader Comrade Kim Il-song but also committed an inhuman act by refusing to accept the application for her bailment caused by her heart disease.

It said that unconverted long-term prisoners including Kim In-so, Ham Se-hwan and Kim Yong-tae underwent unimaginably terrible tortures in prison over 30 years and, even after they were released, they could not return to the northern half of Korea where their family members are waiting for them.

The letter called upon the general meeting of the UNESCO to denounce the human rights violation by the South Korean authorities and adopt a resolution demanding an immediate end to it.

Daily Comments on South-Japanese Relations

*SK1910055895 Pyongyang KCNA in English
0502 GMT 19 Oct 95*

["NODONG SINMUN Comments on South Korea-Japan Relations" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA) — NODONG SINMUN in a commentary today notes that the present-day relations between the South Korean puppets and Japanese authorities have been characterized by complaints and servility.

Pointing out that relations of this kind have been illustrated impressively in dealing with the question of DPRK-Japan relations, the author of the commentary says:

Some time ago, the traitor Kim Yong-sam driveled, at an interview with the Japanese NIHON KEIZAI SHIMBUN, that "Japan's effort to progress relations with North Korea, over the heads of South Korea, is as good as hindering reunification".

This is utterly a groundless and outrageous complaint.

He meant that reunification is possible only when Japan keeps relations only with them. This is a jargon that can be made only by the South Korean puppets seeking division.

DPRK-Japan relations are the question between the DPRK and Japan. Therefore, the South Korean puppets have no justification to meddle in it.

But, they persist in complaining to Japan with an eye to poking their nose, obtrusively, into the question of DPRK-Japan relations so as to put a spoke in the wheel of improvement of the relations.

The South Korean puppets are challenging, point-blank, the aspiration of the Korean and Japanese people and demand of the time to keep their remaining days.

The problem also lies in the position of the Japanese authorities, who wholly react to their complaints in a positive manner.

Since long ago, the Japanese authorities have dealt with the matters figuring in DPRK-Japan relations after consulting them with the South Korean puppets and regularly informed the puppets of their results. The case was seen at the time of the DPRK-Japan talks and is seen these days, too.

It is not certain whether they are considering the position of their stooges or intending to get something from them. Anyhow, we can not but think about Japan in every way for her meanness.

What we can say is that the Japanese authorities are lost to their self-respect and face.

Since they are pursuing politics meekly following the words of spiritless puppets, it is needless to explain what sort of political power wanted by Japan would be. It is shameless of Japan of this kind to wish to discuss world politics in international arena.

U.S. Articles on Murayama's Remarks Cited

*SK1910060295 Pyongyang KCNA in English
0444 GMT 19 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA) — Japanese Prime Minister Tomiichi Murayama said in parliament that the 1910 Japan-Korea Treaty of Annexation had been signed in a legally valid way. This reflected Japan's long-standing argument, but

it was surprising because Mr. Murayama had appeared to be one of the few Japanese politicians genuinely remorseful for Japan's militarism.

THE NEW YORK TIMES newspaper October 12 said this in an article headlined "Japan Again Defends Annexation of Korea as Legal."

The newspaper further said:

It may be possible to argue that the 1910 agreement was legal in a narrow sense, in that it was signed by a Korean prime minister—albeit a Japanese puppet. But history books are virtually unanimous that it was forced on Korea by military means.

Japan forced the country to become a protectorate of Japan by military pressure in 1905. Tokyo then dissolved the Korean Army before drafting the annexation treaty and compelling its puppet officials to agree.

Even Japanese school textbooks say, "In 1910, Japan forced Korea to sign a treaty that made it a colony of Japan."

The same article was carried in THE INTERNATIONAL HERALD TRIBUNE October 12.

Qian Qichen Meets Foreign Ministry Group

*SK1910043495 Pyongyang Korean Central
Broadcasting Network in Korean
1300 GMT 19 Oct 95*

[FBIS Translated Text] Qian Qichen, Chinese vice premier and foreign minister, received a DPRK Foreign Ministry delegation led by Vice Foreign Minister Choe U-chin on 17 October.

Chinese Vice Foreign Minister Tang Jiaxuan and other pertinent officials and Chu Chang-chun, DPRK ambassador to China, were present on this occasion.

On this occasion, the Chinese foreign minister said: As we did in the past, we, Chinese people, will also in the future treasure the traditional China-DPRK friendship, which was provided by the old-generation revolutionaries, and consider it to be an important duty to strengthen the relations of friendship, unity, and cooperation with the DPRK people. We will also constantly support the DPRK people's struggle to independently, peacefully reunify the country. We believe that under the leadership of Comrade Kim Chong-il, the DPRK people's supreme leader [choego chidoja], all DPRK people strongly unite around the party and bring about new achievements in the struggle to develop the national economy and reunify the fatherland.

Qian Says China Will 'Always Value' Friendship

SK1910053295 *Pyongyang KCNA in English*
0446 GMT 19 Oct 95

["Chinese Foreign Minister on Deepening Sino-Korean Friendship" — KCNA headline]

[FBIS Transcribed Text] Beijing, October 17 (KCNA) — Chinese Vice-Premier and Foreign Minister Qian Qichen said, in a meeting with the DPRK Foreign Ministry delegation, that the Chinese people would, as always, value the traditional Sino-Korean friendship cultivated by revolutionaries of the older generation and consider it to be an important duty to consolidate the relations of friendship, solidarity and cooperation with the Korean people.

"China will continue its support of the Korean people's effort to realize the independent and peaceful reunification of the country," he said.

"China believes that the Korean people, firmly rallied around the party, will make fresh success in the efforts to develop the nation's economy and realize national reunification, under the leadership of Comrade Kim Chong-il, the supreme leader of the Korean people," he added.

CPC Delegation Arrives in Pyongyang 18 Oct

SK1810224195 *Pyongyang KCNA in English*
1524 GMT 18 Oct 95

[FBIS Transcribed Text] Pyongyang, October 18 (KCNA) — A delegation of officials of the Communist Party of China (CPC) led by Wang Taihua, deputy secretary of the Anhui Provincial Committee of the CPC, arrived here today by air.

Pomchonghangnyon Urges South To Release Students

SK1810113295 *Pyongyang KCNA in English*
1002 GMT 18 Oct 95

[FBIS Transcribed Text] Pyongyang, October 18 (KCNA) — The Chinese regional headquarters of the National Alliance of Youth and Students for the Country's Reunification [Pomchonghangnyon] made public a statement condemning the South Korean authorities for arresting students Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of University Student Councils who visited the northern half of Korea.

The statement said: The student delegates visited the DPRK, carrying the ardent desire of students and people in the South to put an end to the tragedy of division at an early date and to glorify this year, the 50th anniversaries of the country's liberation and the national division, as

the year of reunification. Their activities were a just brave act to be recorded in the history of the Korean nation's movement for reunification, which cannot be a crime.

The statement branded the fascist act of the Kim Yong-sam group who beat right and left the two delegates, reunification champions in the South, and has put them behind the bar as an unpardonable, anti-national, anti-reunification crime. The statement vehemently condemned it in the name of all the Korean youth and students in China and strongly demanded their release.

Regime Denounced for Blaming Crisis on North

SK1910045895 *Pyongyang KCNA in English*
0440 GMT 19 Oct 95

["Clumsy Kidnapping Drama" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA) — The Kim Yong-sam clique of traitors have linked the recent kidnapping of South Koreans in Moscow with the north. Commenting on this, NODONG SINMUN today says it was a drama which can be played only by those hell bent on confrontation with the North.

A masked man seized a bus and held 29 South Korean tourists from the Hyundai company hostage in central Moscow. He demanded one million dollars as a ransom.

Saying the hijacker was unidentified, however, the South Korean puppets alleged that he was from North Korea.

The Kim Yong-sam group must discard such wicked acts as venturing to charge others groundlessly.

It is unbiased public opinion that the incident could be a drama played by the puppets themselves to do harm to the North, or a crime by a local criminal or an export thing from South Korean society.

The commentary further says:

The puppets had better search the criminal in South Korea, not linking others with the incident.

We cannot remain an onlooker to the fact that the Kim Yong-sam clique of traitors are expanding the anti-North confrontation out of South Korea.

Such moves of the puppets as frequently taking issue with the North are aimed at maintaining confrontation with the North, aggravating inter-Korean relations and emerging from crisis.

But this is a foolish intention.

No matter how desperately they resort to the anti-North campaign, they can never impair the high prestige of the North.

Joint Proposal Supports Founding of DCRK

*SK1910110295 Pyongyang KCNA in English
1017 GMT 19 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA) — The Bangladesh Workers' Party, National Socialist Party, Workers and Peasants Socialist Party, Socialist Party, People's League, Socialist Party and Communist Party and the Bangladesh-Korea Friendship Association made public a joint statement on October 10 and the World Federation of Democratic Youth a statement on October 4 in the month of support to the proposal for founding the Democratic Confederal Republic of Koryo [DCRK].

The joint statement stressed that the proposal for founding the DCRK is the most reasonable and realistic one and that there is no ground for the South Korean authorities to refuse to accept it.

It expressed the belief that the reunification of Korea is sure to be realized according to the proposal for founding the DCRK put forward by President Kim Il-song.

The World Federation of Democratic Youth in the statement said:

The realities, in which different ideologies and systems have existed in the North and the South and any one side does not want to concede its own things for 50 years since Korea was bisected, show that it is the most fair and aboveboard, practical way to achieve national reunification by means of confederacy in conformity with the aspirations of the whole nation for reunification.

Korea should be reunified in accordance with the proposal for founding the DCRK advanced by President Kim Il-song.

Meanwhile, a signature campaign for supporting the proposal for founding the DCRK and the 10-point programme of the great unity of the whole nation was conducted in Zambia in the month of support to the proposal.

The signature paper was signed by National Assemblyman Dickson William Chokoma Matutu [name as received], vice-minister of education and chairman of the Zambia-DPRK Friendship Association, members of the association, officials of the Lusaka city office and citizens.

Guinean Minister Interviewed on Visit

*SK1710104395 Pyongyang KCNA in English
1024 GMT 17 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 17 (KCNA) — Yvone Conte [spelling of name as received], minister of women and children of Guinea, said in an interview with KCNA that what impressed her during her visit to Korea is that the Korean people were invariably respecting and following their great leader Comrade Kim Il-song.

For any country and any nation, without a great leader is it impossible to develop itself and provide its people with happiness, she said, and continued [sentence as received]:

"Comrade Kim Chong-il is wisely leading the Korean people along the path of *chuche*, the road of independence with unusual wisdom and courage.

"The Korean people are firmly convinced that they will surely win under his leadership."

Noting that the imperialists cannot match the DPRK, which has a great party and resourceful and courageous people, she said that it is necessary to learn from politics of this country.

She said that President Kim Il-song spared nothing for the children, regarding them as the "king" of the country. "I am convinced of the bright future of Korea," she said.

She stressed that the Korean people are blessed with great leaders.

Attache on Kim Chong-il's Philosophy of Command

*SK1910041895 Pyongyang KCNA in English
1523 GMT 18 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 18 (KCNA) — The military attache of the Peruvian Embassy in Pyongyang, Bernard Cristian Braun Luy [name as received], issued an article headlined "General Kim Chong-il's Philosophy of Command, Ever-Victorious Weapon."

The author recalls that the great leader President Kim Il-song led two revolutionary wars to victory, and says that today the Korean People's Army [KPA] has its supreme commander in the person of General Kim Chong-il, who is the same as Generalissimo Kim Il-song in idea, personality and commanding art.

General Kim Chong-il was born in Mt. Paektu during the anti-Japanese guerrilla war and studied brilliant strategy and tactics by the table for mapping out a plan of operations at the supreme command in the period of the Korean war of the 50s, he says, and continues:

Those responsible for military affairs of the Western countries studied and analysed the qualities of Marshal Kim Chong-il as supreme commander and said that his qualities are characterized by a correct judgment, a bold decision and a merciless blow. I consider their estimation entirely correct.

General Kim Chong-il concluded at the infant stage of the Gulf War that the war would be a short-term war, that the Third World War would not break out and that the aftermath of the war would be spread to Korea. And he issued an order to the whole Army to make full preparations to cope with it. His judgment was correct. The Gulf War lasted 43 days and a touch-and-go situation, which might trigger off a war larger than the Gulf War, was created on the Korean peninsula in March 1993, in the wake of the war.

Such being the situation, Supreme Commander Kim Chong-il issued an order to the whole country, all the people and the whole Army to put themselves in the state of semi-war. It was four days since then that the government of the Democratic People's Republic of Korea made public a statement on its defection from the NPT [Nuclear Nonproliferation Treaty].

In ten days or more after the issuing of the order of the supreme commander of the Korean People's Army young and middle-aged people in Korea volunteered to join the Army. The number of the volunteers was enough to organise as soon as possible some 150 divisions besides the divisions on the active list.

In those days the military attache in Peru watched the military situation prevailing on the Korean peninsula and saw the matchless strength of the Korean People's Army and the dignity of the country in the steel-like spirit of Supreme Commander Kim Chong-il and his calm attitude, he said, and went on:

While studying the history of modern warfare of this small country and its present-day military situation, I came to a conclusion that the victory of the Armed Forces of Korea was attributable to the chuche-based Army building idea centered on the servicemen and it is the most wise consideration.

General Kim Chong-il, basing himself on the chuche philosophy with main emphasis on love and ideology, indicated the truth that the most valuable [as received] the Armed Forces are soldiers and the victory and failure in the war depend entirely on their ideology and morality.

This is precisely his philosophy of command.

The embodiment of this great philosophy in the cause of Army building has resulted in forming the harmo-

nious whole of the supreme commander of the Korean People's Army and its officers and men, Army-people unity, unity between officers and men and unity between the party members and members of the League of Socialist Working Youth of Korea. I would like to call the features pertaining to the Armed Forces of Korea "four-part integrity."

Within the KPA the relations between the supreme commander and his men are the same with those between the father and his children, on which political integrity is based as well as the relations between comrades-in-arms. They are not merely those between order and obedience.

It is only too natural that the slogan "Long live respected Supreme Commander Comrade Kim Chong-il!" is seen at all posts of the KPA soldiers and they cherish absolute worship for him.

Indeed, the relations among the supreme commander, his men and the people in Korea remind us of an organism.

The "four-part integrity," a source of potentials of the KPA, was achieved at the time when the Army was built in the early 1930s and has been carried forward and developed at one hundred percent over the past 60 years. It has become the most precious tradition.

KPA is an Army with a 60 odd year history of the "four-part integrity" traditions that are so valuable and powerful.

Yi Chong-ok Receives Angolan Envoy's Credentials

SK1910035595 Pyongyang KCNA in English
2221 GMT 18 Oct 95

[FBIS Transcribed Text] Pyongyang, October 18 (KCNA) — New Angolan Ambassador E. P. [extraordinary and plenipotentiary] to Korea Manuel Bernardo de Souza presented his credentials to DPRK Vice-president Yi Chong-ok at the Mansudae Assembly Hall today.

After receiving the credentials, the vice-president had a talk with the ambassador.

Foreigners Send Baskets to Kim Chong-il

SK1910054295 Pyongyang KCNA in English
0429 GMT 19 Oct 95

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA) — The great leader Comrade Kim Chong-il received floral baskets and silk banners from Robert Williams, chairman of the Guyanese National Committee for the Study of the Chuche Idea of Comrade

Kim Il-song; Wayne Bristol, chairman of the Guyana-Korea Friendship Association; Giancarlo Elia Valori, secretary general of the Italian Institute of International Relations; and Angel Castro Lavarello, chairman of the Peru-Korea Institute of Culture and Friendship; on the occasion of the 50th anniversary of the Workers' Party of Korea.

The floral baskets and silk banners were handed to the DPRK ambassadors to their countries.

Conveying a silk banner, the chairman of the Peru-Korea Institute of Culture and Friendship said: "We present this silk banner carrying our boundless respect and reverence and wishes for a long life in good health to the great leader Comrade Kim Chong-il, who is leading the socialist cause of chuche along the road of victory to shine immortal exploits of the great leader President Kim Il-song for all ages."

WPK Sends Message to Foreign Parties

SK1910055695 Pyongyang KCNA in English
0433 GMT 19 Oct 95

[All names as received]

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA) — The Central Committee of the Workers' Party of Korea [WPK] sent a message to the Central Executive Committee of the People's National Congress of Guyana in reply to its message of greetings to the great leader Comrade Kim Chong-il on the occasion of the 47th anniversary of the foundation of the Democratic People's Republic of Korea.

The message expressed deep thanks to the Central Executive Committee of the People's National Congress of Guyana for its warm and kind congratulations to Comrade Kim Chong-il on the 47th founding anniversary of the DPRK.

The Central Committee of the WPK also sent messages to the Central Committee of the progressive party of the working people of Cyprus and Chitta Bash, general secretary of the Central Committee of the All-India Forward Bloc, in reply to their messages on the occasion of the 47th founding anniversary of the DPRK.

The reply messages expressed deep thanks to them for having sent messages in celebration of the 47th DPRK anniversary and in support of the struggle of the Korean people to accelerate socialist construction and achieve the reunification of their country at an early date under the leadership of Comrade Kim Chong-il.

Overseas Koreans Send Messages on Anniversary

SK1910040195 Pyongyang KCNA in English
1510 GMT 18 Oct 95

[FBIS Transcribed Text] Pyongyang, October 18 (KCNA) — Congratulatory messages came from the Canadian headquarters of the National Alliance for the Country's Reunification, the Canadian headquarters of the Council for the Promotion of the Peaceful Reunification of the Country, the Society of Korean Women in Canada for the Country's Reunification, "NEW KOREA TIMES," Song Yu-sam, general director of the Hong Kong UK Trading Company and a Korean in the United States, Kwak No-yun, senior vice-chairman of the Federation of Korean Businessmen in the U.S., and Pak Han-sik, a Korean in the United States, on the 50th anniversary of the Workers' Party of Korea [WPK].

The messages said that the peace-loving people of the world are warmly praising the great leader President Kim Il-song for having founded and wisely led the Workers' Party of Korea.

The messages expressed the belief that Korea would be reunified at an early date, thanks to the great leader Comrade Kim Chong-il and the Korean people firmly rallied behind him. They vowed to devote all their efforts to reunification.

Overseas Koreans Send Greetings to Kim Chong-il

SK1810111995 Pyongyang KCNA in English
1012 GMT 18 Oct 95

[FBIS Transcribed Text] Pyongyang, October 18 (KCNA) — The great leader Comrade Kim Chong-il received over 1,000 messages of greetings and congratulatory letters on the occasion of the 50th anniversary of the Workers' Party of Korea [WPK] from regional missions of the National Democratic Front of South Korea (NDFSK), the General Association of Korean Citizens in China, Chairman of the International Korean Association (Unity) Kang Il, Honorary Chairman Sonu Hak-won and Permanent Chairman Yang Un-sik of the U.S. headquarters of the National Alliance for the Country's Reunification, President of the International Taekwon-do Federation Choe Hong-hui, President of the One Korea Movement Hyon Chun-ki and other NDFSK organizations, overseas Koreans organisations and Koreans abroad.

Messages and congratulatory letters said the great leader President Kim Il-song founded the Workers' Party of Korea and led it wisely, so that world-startling miracles could be wrought in the socialist revolution and construction.

They stressed that as led by respected General Kim Chong-il, the WPK has strengthened and developed into a veteran, tested, ever-victorious, invincible party.

They said it is the best fortune and the greatest happiness that the Korean people and overseas Koreans are holding respected General Kim Chong-il at the head of the nation. They expressed the determination to rally overseas Koreans close under the banner of the great unity of the whole nation and actively contribute to accomplishing the cause of national reunification under his leadership.

They sincerely wished him a long life in good health.

Kim Chong-il Sends Birthday Table to Professor

SK1710102195 *Pyongyang KCNA in English*
1011 GMT 17 Oct 95

[FBIS Transcribed Text] Pyongyang, October 17 (KCNA) — The great leader Comrade Kim Chong-il sent a birthday table to academician, Prof. and Dr. Yi Sung-ki, chief of the Hamhung Branch of the National academy of Sciences, on his 90th birthday.

The benevolent birthday table was conveyed to him on October 15.

He, who could not realise his hope and lifelong desire in the country which was under the colonial rule of the Japanese imperialists, has enjoyed a happy life under the leadership of the great leader President Kim Il-song.

President Kim Il-song, considerate of his desire in the period of the fatherland liberation war (1950-1953), organised a research group for him and sent many experimental apparatuses and chemical reagents, leading him to great success in his scientific research.

He industrialized the production of vinalon and made achievements in his scientific research helpful to the development of chuche-based chemical and light industries. He has reared hundreds of doctors and associate doctors and built up the Hamhung Branch creditably.

He is a "Kim Il-song Prize" winner, labour hero and deputy to the Supreme People's Assembly.

Comrade Kim Chong-il also sent centenary birthday tables to old woman Yi Pu-pae in Inhung-tong No. 2, Moranbong District, Pyongyang and to old woman Yun Chi-un in Unjon County Township, North Pyongan Province.

Illustrated Book Published in Foreign Languages

SK1910110195 *Pyongyang KCNA in English*
1008 GMT 19 Oct 95

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA) — The Foreign Languages Publishing House

brought out the illustrated book "50 Years of Glory" in Russian, English, Chinese, Japanese, French and Spanish on the occasion of the 50th anniversary of the foundation of the Workers' Party of Korea [WPK].

Printed in the face of the illustrated book is a picture of the great leader President Kim Il-song, who founded the Workers' Party of Korea, and the great leader Comrade Kim Chong-il, who has strengthened and developed it into an invincible revolutionary party, standing together.

It consists of seven systems—the historical root of the WPK (1926-1945), the foundation of the WPK and the building of a new country (1945-1950), the great party which led the war to victory (1950-1953), the construction of the socialist foundation and unity and cohesion of the party (1953-1960), the struggle of the party for the all-round construction of socialism (1961-1970), the modelling of the whole society on the chuche idea and the three revolutions (1970-1980) and the singlehearted unity and the struggle for the complete victory of socialism (1980-).

Edited in the book are pictures introducing the undying exploits performed by the WPK, which traces its origin to the Down-with-Imperialism Union formed by President Kim Il-song on October 17, 1926 and which was founded on October 10, 1945, in leading the revolution and construction.

Appearing in the book are pictures showing the successful solution to the problem of power, a key to the revolution, the accomplishment of the democratic revolution, the tremendous changes in the socialist economic and cultural construction and the brilliant victory in the building of the revolutionary Armed Forces.

The book contains pictures showing that the three principles of independence, peaceful reunification and great national unity, a common fighting programme for national reunification, and reasonable reunification proposals, their embodiment, were formulated under the wise leadership of the WPK and the reunification movement is daily gaining momentum on a nationwide scale. Also seen in the book are pictures introducing contributions made by the WPK to the strengthening of the international communist movement, the Non-aligned Movement and to the development of the friendly and cooperative relations with the Third World countries in the idea of independence, peace and friendship.

Conspicuous in the book are pictures showing that Comrade Kim Chong-il has strengthened and developed the WPK into a more powerful party by putting President Kim Il-song's idea on party building into practice.

Printed in the book are pictures showing that over the past 30 years since he started party work, Comrade Kim

Chong-il has developed the party into a veteran, tested and authoritative party which performed great exploits and accumulated rich experience with his extraordinary intelligence, superb organisational skill and leadership ability.

South Korea

North's Choe Kwang Seen Behind Infiltration

SK1910015595 Seoul THE KOREA TIMES in English
19 Oct 95 p 6

[Editorial: "North's Armed Infiltration"]

[FBIS Transcribed Text] North Korea has reciprocated the South's rice aid of 150,000 tons with the dispatch of armed agents. As reported, a North Korean armed agent was shot to death Tuesday by South Korean Army guards near the Imjin River, south of the Demilitarized Zone (DMZ) and a second is believed to have escaped back to the North.

The Defense Ministry said that the dead infiltrator was presumed to be a member of a North Korean special warfare unit on a reconnaissance mission to check the defense capabilities of southern military units positioned along the border marked by the Imjin River in the western area.

It is frustrating that the bizarre incident shows the communist North's never-changing strategy to communize the whole of Korea through military or revolutionary means. The small group of armed agents must have been tasked to collect information concerning the defense system on the southern shore of the river in preparation for a massive attack in an all-out war. They could also have attempted to launch secret operations particularly to harass the rear areas in the South.

The border incident followed a series of the North's provocative activities against us, including the kidnapping of a southern fishing boat in high seas and incessant slandering of the South Korean president and his government. These anti-Seoul activities have already shattered what little hope we had entertained for promoting dialogue and reconciliation with Pyongyang since the death of Kim Il-song last year.

What draws our special concern is the fact that the dispatch of the armed agents came shortly after de facto North Korean leader Kim Chong-il appointed Gen. Choe Kwang as new defense minister, promoting him to the rank of marshal along with Yi Ul-sol, a member of the powerful National Defense Committee which Kim heads.

As we know, Choe, as [Korean People's] Army [KPA] chief of staff then, masterminded two major armed incidents against the South — a 31-strong commando

team's infiltration into Seoul in an abortive attempt to assassinate President Pak Chong-hui in January of 1968 and the landing of a large number of guerrillas in the Ulchin and Samchok area along the East Coast in October that same year. Following these two unsuccessful actions, Choe was sacked by Kim Il-song but was reinstated in 1988.

With little doubt, Choe's comeback to military leadership could herald the increase of unconventional military operations against the South with the latest sending of armed agents as a prelude. At the same time, the incident may also indicate that the military clique has taken an upper hand in a post-Kim Il-song power struggle against civilian technocrats — with or without the blessing of the new leader junior Kim.

As matters stand now, it is predicted that Pyongyang will not let down its bellicose policy against Seoul with the initiatives of the military leadership.

And this obligates the Seoul government to make a comprehensive review of the present defense policies which are certain to have been influenced by the general recognition of the North's economic weakness and the ongoing Washington-Pyongyang deals over the project to build nuclear reactors for North Korea.

North Worker Defects via CIS 19 Oct

SK1910084595 Seoul KBS-1 Radio Network
in Korean 0810 GMT 19 Oct 95

[FBIS Translated Text] The government has stated that a North Korean worker, who defected from North Korea, arrived in Seoul today. The government identified the North Korean defector as Yi Won-to, 25, from South Pyongan Province. He worked at a hydroelectric machine plant's cast-iron shop in North Korea. The government added that Yi escaped from North Korea to Seoul via the CIS and that his request for asylum was accepted for humanitarian reasons.

Dailies View President's Remarks on North

SK1810150395

[FBIS Editorial Report] The following is a compilation of editorials and a report carried by the 17 October Seoul vernacular dailies reacting to President Kim Yong-sam's remarks on North Korea.

The moderate KYONGHYANG SINMUN carries on page 4 an 800-word editorial entitled "President Kim Yong-sam's New View of North Korea." Referring to changes in President Kim Yong-sam's attitude toward North Korea, to his position and view of North Korea, and to his remarks made during an interview with the U.S. paper THE NEW YORK TIMES saying that

"he feels he is betrayed by the North Korean hard-line communists who have broken a promise," the editorial says, "President Kim Yong-sam has put the repatriation of Usong ship crew members and the suspension of slander against South Korea as a condition for improving North-South relations. However, he has stated that now is not the time to talk about the North-South summit talks. This shows how hard his position is toward North Korea."

Referring to South Korea's provision of rice to North Korea, the editorial says, "it is natural that North Korea repatriate Usong ship crew and stop slandering South Korea as promised." Noting the national desire for reunification and North-South reconciliation, the editorial says, "as pointed out frequently, the government's desirable policy toward North Korea is practically and flexibly dealing with North Korea's move, while firmly maintaining principles toward North Korea."

The left-leaning HANGYORE SINMUN carries on page 3 an 800-word editorial entitled "The Regrettable Remarks by President Kim Yong-sam Concerning North Korea." Referring to President Kim Yong-sam's hard-line remarks toward North Korea, as well as to the government's move in the direction of a hard-line position toward North Korea, the editorial says that people are concerned about the government's failure to properly implement the policy toward North Korea. The editorial says that the government's policy toward North Korea is inconsistent, and that such policy is formulated based on political considerations. The editorial adds, "on many occasions we have urged President Kim Yong-sam to refrain from making such hard-line remarks against North Korea. The post of president is the post responsible for satisfactorily settling North-South relations in any difficult situation."

The moderate CHUNGANG ILBO carries on page 4 a 700-word editorial entitled "Let Us Become Prudent in Making Remarks Toward North Korea." Referring to the government's decision not to take steps for the North-South reconciliation until several issues have been resolved, including the issue of repatriating the Usong ship crew members, the editorial says, "this is the government's hard-line position different from its previous attitude to induce North Korea to a dialogue table by all means."

The editorial says, "the government's policy is very natural, judging from the people's sentiment toward North Korea. It is the government's job to call on North Korea to repatriate the Usong ship crew members, as well as to stop slandering South Korea," deploring the government's easygoing policy toward North Korea. Also, the editorial says, "with much wisdom, the high-

level policy-making official should think twice before he makes remarks on the government's policy whether it is disclosed to the other party or not, no matter how common they are."

The pro-government SEOUL SINMUN carries on page 2 a 700-word report entitled "The Government Links North-South Dialogue With North-South Economic Cooperation." Referring to the government's decision to link North-South dialogue with North-South economic cooperation, to the government official's remarks on the need for the signing of an agreement to guarantee the personnel safety, as well as the investment agreement to expand North-South economic cooperation, the report says, "the government has reportedly decided not to respond to North Korea unless it changes its attitude in North-South relations."

North To Barter Cement in Exchange for Rice

SK1910013395 Seoul THE KOREA TIMES in English
19 Oct 95 p 8

[FBIS Transcribed Text] North Korea, suffering from a serious lack of rice, has apparently agreed to import rice from Vietnam in return for supplying cement to the formerly communist nation, the Korea Trade & Investment Promotion Agency [KOTRA] said yesterday.

The North will probably import 100,000 tons of Vietnamese rice, perhaps before the end of this year, the organization said quoting a report from its Los Angeles trade office.

The trade office said that a Korean consulting company in Los Angeles had performed a mediating role in realizing the barter trade between the two nations.

The company, asked by North Korea to mediate in its efforts to get rice from Vietnam in exchange for cement, began contacting relevant officials from the two sides one and a half years ago.

Representatives from the North's Committee for the Promotion of External Economic Cooperation and officials from the Vietnamese Government agreed to the barter trade in late August, the organization said in its newsletter on North Korea, published yesterday.

The company was quoted as having said that the two nations reached a final agreement on the kinds of the rice and the import method but that it was not an appropriate time to make the details public.

It added that 10,000 tons of rice per month will be sent to the North from this November. Judging from the current domestic situation in both North Korea and Vietnam, there will be no particular problem in carrying out the contract, KOTRA said.

The company is learned to be planning to construct infrastructure facilities like roads and ports in the Najin and Sonbong regions at the request of a major construction company, identified by the acronym of DMJM. The company was not further identified.

The North Korean department at KOTRA acknowledged the credibility of the report, saying it is highly likely that such an agreement has been reached.

It reasoned that Vietnam is suffering from a serious deficiency of cement with its brisk construction boom.

As a matter of fact, on any one day it is difficult in Vietnam to buy construction materials at prices double those the previous day.

Chochongnyon Views Businessmen's Najin Inspection

*SK1710083995 Seoul YONHAP in English
0637 GMT 17 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 17 (YONHAP) — Some 200 foreign delegations had visited the Najin-Sonbong free economy and trade zone in North Korea as of Sept. 14 this year and a number of them have already set up independent or joint-venture companies there, according to a recent issue of a Japan-based daily published by Chochongnyon, a pro-Pyongyang Federation of Korean Residents in Japan.

The CHOSON SINBO reported that, during May in particular, a number of business delegations from such nations as the Netherlands and Hong Kong visited the special trade zone and voiced their hope of being able to invest in the machinery, crude oil, electronics fields and in building the infrastructure there.

A mission from General Motors, which has visited the economic zone twice, revealed its intention to establish an auto parts factory there in order to advance into the Northeast Asian market, while the Murphy Overseas Group and the Stanton Group have decided to make large investments and will construct a timber factory and a steam power plant, respectively, the Chochongnyon organ said.

In addition, many businesses from Russia and China also have set up local independent or joint-venture companies in the Najin-Sonbong area, the daily noted.

Foreign Businessmen Return From Economic Zone

*SK1910040495 Seoul YONHAP in English
0244 GMT 19 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 19 (YONHAP) — A group of 210 business people from 10 countries, who attended the Yanbian Korean Autonomous Prefecture's

briefing on foreign investment in the Chinese area near the Tumen River valley in Yanji, returned to that city Monday from a tour of Jilin Province's Hunchun City and North Korea's Najin-Sonbong free economy and trade zone, Radio Yanbian reported.

The report, monitored by NAEWOE press, the official North Korea watcher here, said the group was headed by Kang Chae-hwan, vice secretary-general of the Yanbian Korean Autonomous Prefecture Government, and that the group saw bright prospects for development in the North Korean free trade zone.

NAEWOE also quoted Radio Yanbian as saying North Korea is planning to increase the cargo handling capacity of Najin port from the current 4 million to 8 million tons and that North Korea has just started train service to Najin.

The tour was designed to make Yanbian known to the world and to promote foreign investment in Hunchun, it was reported.

Nation Joins Nuclear Supplier Group

*SK1710080095 Seoul YONHAP in English
0702 GMT 17 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 17 (YONHAP) — South Korea on Monday [16 October] joined a group of the world's major nuclear technology suppliers who are calling for member countries to restrict exports of nuclear materials and equipment to developing countries unless they guarantee that International Atomic Energy Agency (IAEA) safeguards will be implemented, according to a Foreign Ministry spokesman Tuesday.

At a meeting of the NSG in Geneva, all of the 31 NSG member countries unanimously agreed that South Korea should become the 32nd member of the Nuclear Suppliers Group (NSG) which also aims to promote exchanges of nuclear materials and equipment among member countries, the spokesman said.

The Foreign Ministry holds that South Korea can now take part in the enactment of NSG regulations at group meetings, thus the country could get the most from the rules, although it has to abide by NSG requirements without having a voice in the international forum on the trading of nuclear materials and equipment.

Although NSG guidelines restricting exports of dual-use nuclear materials, equipment and technology which could easily be used for both civilian and military purposes are not legally binding, member countries usually implement the requirements in the form of domestic law, as it helps them to maintain their responsibilities as signatories of the gentlemen's agreement, according to the spokesman.

The NSG was launched in 1978 when several advanced countries in the field of nuclear technology adopted the London guideline restricting the provision of nuclear technology to developing countries.

India's successful test-firing of a nuclear bomb in 1974 led a group of advanced countries to get together in order to prevent the spread of nuclear technology.

The NSG basically aims to reinforce the Nuclear Nonproliferation Treaty (NPT) which failed to prevent India from developing nuclear bombs, the spokesman said.

The ministry expects that by joining the NSG, South Korea will be able to import state-of-the-art nuclear technology from abroad.

The country is also proceeding with plans to join, in the near future, the Missile Technology Control Regime (MTCR) and the Australia Group (AG) which aims to check the spread of long-range missiles and biological and chemical weapons, respectively, the spokesman explained.

Reportage on President's Trip to Canada

Addresses Korean Community

SK1710011695 Seoul YONHAP in English
0053 GMT 17 Oct 95

[FBIS Transcribed Text] Vancouver, Canada, Oct. 16 (YONHAP) — South Korean President Kim Yong-sam urged North Korea Monday to "enter into dialogues and cooperate with" Seoul, saying that they should know South Korea is the only country that can help them.

He made the remarks at a reception he and First Lady Son Myong-sun hosted for Korean community members held at a hotel here in this west coast Canadian city. Kim and his wife arrived in Vancouver on the first leg of their six-day state visit to this North American country.

The North Koreans are suffering from the worst economic crisis in decades because of serious food and energy shortages, he noted.

"I believe they will eventually realize our true intentions and I expect that inter-Korean relations will make new developments in the not too distant future," Kim said.

Commenting on his country's economic development, the president said that among some 100 newly-emerging nations since the end of World War II, no nation has exceeded South Korea in terms of economic and democratic developments and in international contributions.

On Tuesday, Kim will speak about cooperation between South Korea and Canada's west coast at a luncheon to

be hosted by British Columbia Premier Mike Harcourt and about economic cooperation in the Asia-Pacific region at a dinner co-hosted by the Asia-Pacific foundation of Canada and the Vancouver board of trade.

The head of state will depart for Toronto Wednesday, winding up his two-day visit to Vancouver.

Stresses Economic Ties

SK1810035895 Seoul YONHAP in English
0252 GMT 18 Oct 95

[FBIS Transcribed Text] Vancouver, Oct. 17 (YONHAP) — President Kim Yong-sam on Tuesday called for enhancing economic cooperation between South Korea and Canada in a speech he delivered to a dinner hosted by the Vancouver Board of Trade and the Asia-Pacific Foundation of Canada.

Kim said that the strengthening of cooperation between South Korea and Canada can help facilitate smooth exchanges in the Asia-Pacific region, which is characterized by great diversity and wide development gaps, and eventually could become a bridge linking advanced countries with developing nations.

"When Canada's abundant natural resources and advanced technology and Korea's outstanding production capabilities are taken into account, the prospects for economic cooperation between the two countries are very bright," Kim remarked at the dinner held at the Pan Pacific Hotel where he is staying.

Expressing the hope that Canadian businesses will engage in more active trade with and increase their investment in South Korea, Kim said, "I particularly hope that Korean and Canadian businesses will build close cooperative relations in such high-tech industries as the environment, aerospace, biotechnology and computer fields, which are growing rapidly in this western Canadian region."

Seeks Technological Cooperation

SK1910040395 Seoul YONHAP in English
0106 GMT 19 Oct 95

[FBIS Transcribed Text] Toronto, Canada, Oct. 18 (YONHAP) — South Korean President Kim Yong-sam, in Toronto on the second leg of his state visit to Canada, expressed Wednesday (local time) hope that his trip will promote industrial and technological cooperation between the two countries to a substantive level.

Speaking at a dinner Ontario Premier Michael Harris threw in President Kim's honor at the Royal York Hotel where he is staying, the head of state said Korea and Canada have set an example of bilateral cooperation

on the strength of their century-old friendship, noting Korea is Canada's seventh largest export market, while Canada is Korea's fourth largest investment destination.

"Now exchanges and cooperation are expanding in all sectors, including the political, economic and social fields, on the basis of our special partnership.

"I expect that through my visit this time, substantive cooperation will begin in earnest in all areas, and that, in particular, industrial and technological cooperation will further expand between Canada and Korea."

Noting most Korean businesses operating in Canada are active in the Province of Ontario, with that region accounting for 80 percent of their investment in Canada, Kim solicited Ontario leaders for their continuing support to Korean businesses so that they can further contribute to the development of Ontario and to the promotion of cooperation between Korea and the North American nation.

Earlier in the day, President Kim, in a speech at a reception he and First Lady Son Myong-sun hosted for members of the Korean community here at his hotel, said the 5 million Koreans residing overseas are "important and dear" to Korea.

The Korean Government has taken measures to support overseas Koreans on more than 10 occasions over the past two years, he noted.

The president will depart Thursday for Ottawa on the last leg of his Canadian tour.

Russia Promises Tax Concessions for Complex

*SK1910013795 Seoul THE KOREA TIMES in English
19 Oct 95 p 8*

[FBIS Transcribed Text] Russia has promised tax favors for the construction of an industrial complex and a trade center projected by the Korean Government, the Trade, Industry and Energy Ministry said yesterday.

The two sides have agreed to conclude a pact on the two projects as soon as possible, specifically at the first Korea-Russian trade commission talks in Moscow Oct. 16-17.

A ministry official said that Russia pledged to waive a variety of export and import duties for the industrial complex project in Nakhodka, Far Eastern Russia.

Corporate, value-added and property taxes will not be paid for first five years and for the next five the three taxes will be reduced to half the ordinary level.

The pact stipulates that Korea will be entitled to import foreign workers and business managers in the industrial complex project and that Russia will simplify

immigration procedures and allow free use of foreign currencies in the complex.

The Russian Government also promised to come up with preferential measures for the construction of the Korea-Russia trade center to be built in Moscow although its laws ban special tax favors for construction, the official said, quoting a dispatch from the Korean delegation in Moscow.

Ministry Denies Book Published by Japan's LDP

*SK1710084295 Seoul YONHAP in English
0727 GMT 17 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 17 (YONHAP) — The controversial Japanese book which insists that Japan annexed Korea to secure peace in Asia and to defend Japan was not "actually" published by Japan's largest Liberal Democratic Party (LDP) and the position expressed in the book does not represent the LDP's official stance on the annexation, the Foreign Ministry said Tuesday.

In a statement, the Foreign Ministry denied reports that the LDP circulated among its party members the "Summary of the Great East Asia War (referring to the Second World War launched by Japan in the Asia-Pacific region)".

"The Committee for Historical Examination Under the LDP in Japan edited lectures given Aug. 15, 1995, during a committee meeting intended to publicize the summary of the great east Asia war," the statement said.

At the request of the committee, the LDP secretariat purchased copies of the book and distributed them to LDP members, according to the statement.

The LDP committee, established in 1993 by extreme rightists within the party who were opposed to former Japanese Prime Minister Morihiro Hosokawa's public acknowledgement of Japan's negative role in World War II, holds monthly meetings and invites lecturers to discuss Japan's role in the "great east Asia war."

Kim Chong-pil Delivers Policy Speech

*SK1810073795 Seoul YONHAP in English
0530 GMT 18 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 18 (YONHAP) — President Kim Chong-pil of the minor opposition United Liberal Democrats (ULD) reiterated Wednesday his call for a cabinet system of government.

In a policy speech to the National Assembly, Rep. Kim argued that a cabinet system is necessary to prevent the government from instituting dictatorial policies, to

realize responsible politics and to prepare the nation for reunification with North Korea.

The president should handle defense and foreign policy only and leave all other state affairs for the prime minister to handle under a mixed presidential-cabinet system, he asserted.

Charging that the government's unification policy has not been of any help to national reunification, Kim said his party would make a new unification policy based on the principle of free democracy and refer it to a direct national vote for approval.

As for the controversial debate on conservatism, chiefly between his party and the main opposition National Congress for New Politics (NCNP), Kim lamented the current political situation in which opportunism prevails.

Politicians must manifest their political ideology, whether it be conservatism or progressivism, and stick to it at any cost, instead of switching between the two schools of thought simply to serve their personal interests, he stressed.

"The conservative force of the country must be armed with a philosophy that can defeat the leftist reform theory of the radical progressives.

A genuine conservative must view history from a perspective that cherishes the things of yesterday, lives in cooperation with the things of today and paves the way for the things of tomorrow.

The United Liberal Democrats are the only genuine conservatives in the country," he maintained.

As for the issues of the army revolt in December 1979 and the armed suppression of the Kwangju citizens' uprising for democracy in May 1980, both of which led to the then Maj. General Chon Tu-hwan's rise to power, Kim said the judiciary should make a final ruling on these issues, as President Kim Yong-sam termed the revolt "a coup d'etat-like incident."

He asserted that President Kim Yong-sam was fooling the people when he said he is looking forward to nominating a "surprisingly young" candidate in the 1997 presidential election in order to achieve a generational change in politics.

Lawmaker Defects To Join Kim Chong-pil's Party

SK1810065895 Seoul YONHAP in English
0511 GMT 18 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 18 (YONHAP) — Rep. Ku Chang-nim of the ruling Democratic Liberal Party (DLP) bolted from the party Wednesday to join the splinter United Liberal Democrats (ULD) led by Kim Chong-pil.

Ku, 54, first became a National Assemblyman in 1992 on the national representative ticket.

He will assume the chairman's post of the ULD's Yongdungpo-B District chapter in Seoul and run in the forthcoming parliamentary elections slated for next April, informed sources said.

Under the present integrated election law, Ku will be stripped of his parliamentary seat automatically.

Ku said in a statement that the "country needs rational and conservative political forces for its future."

The parliamentary seat, which is now vacant, will be filled by Yi Min-hon, director of the Korea Broadcasting and Advertising Corp.

DP Copresident Gives Policy Address

SK1810035795 Seoul YONHAP in English
0248 GMT 18 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 18 (YONHAP) — The minor opposition Democratic Party [DP] proposed Wednesday that an election law revision in favor of medium and large electoral districts be considered as a means of overcoming regional rivalries.

Rep. Pak Il, DP co-president, in a policy address delivered at a National Assembly plenary session Wednesday morning, proposed that "a debate be initiated with a view to revising the National Assembly election law, converting the current small electorate system into a medium or large electoral district system as a means of resolving the aggravating regional rivalries."

Pak called on President Kim Yong-sam to "make the the current regular parliamentary session on the enactment of the May 18 special laws his top priority, so that those who masterminded the bloody suppression of the Kwangju civil uprising can be brought to trial."

As to the future course of his party, Pak said, "by opening our doors further, we will become a centripetal force rallying anti- three-Kim forces and we will be reborn as a reform-oriented national political party."

The three Kims refer to President Kim Yong-sam and the two opposition leaders Kim Tae-chung and Kim Chong-pil. Pak spoke disparagingly of all three of them.

"The Kim Yong-sam administration is intent on winning in the forthcoming general elections, while it is disregarding many issues involving the public's livelihood," Pak criticized.

Denouncing President Kim Tae-chung of the major opposition national congress for new politics, he said, "He won't be able to evade responsibility for splitting

the traditional opposition party and causing further regionalism."

Aiming at Kim Chong-pil, president of the splinter United Liberal Democrats, Pak said, "It is unpleasant that those who are responsible for the suspension of constitutional rule in the past are taking excessive political initiatives."

NCNP Warns of 'Dire Consequences'

*SK1710082395 Seoul YONHAP in English
0633 GMT 17 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 16 (YONHAP) — The major opposition National Congress for New Politics (NCNP) on Tuesday warned of "dire consequences" should the government not heed its call for the legislation of a special law with regard to the bloody suppression of the May 18, 1980, Kwangju democratization movement of 1980.

In an address delivered at a National Assembly Plenary Session Tuesday, NCNP Vice President Rep. Chong Tae-chol said, "President Kim Yong-sam should make a resolute decision soon, in favor of a May 18 special law. Should he hesitate further, he won't be able to avoid dire consequences."

"It challenges our constitutional order that the prosecution has decided not to prosecute former Presidents Chon Tu-hwan and No Tae-u even after they confirmed their insurrection charges," Rep. Chong asserted. "If and when the truth (about the suppression of the Kwangju civil uprising) is revealed in a fair trial, the honor of Kwangju citizens would be restored."

Chong also charged the government of waging an extensive law-enforcement drive "deliberately targeted on NCNP lawmakers, local administrative heads and council members."

He called on the government to put an end to the drive, which he said is evidently aimed at suppressing the opposition, and instead clean up its own house by probing into alleged existence of a 400 billion-won slush fund possessed by a former president and the Sangmudae scandal.

Expressing regret over the call for a generational shift in politics advocated by President Kim and his ruling party, Chong asserted, "What should really be subjected to a shift in politics is not the 'generation' but the 'political forces.' The most urgent thing facing the nation is a peaceful change in power and it is our historic task."

As to North Korea policy, the NCNP vice president said, "This should neither be used for domestic politics, nor monopolized by the government. The government

should of course formulate and executive policies toward the North, but their discussions and windows of contact with the North should be diversified."

Chong also called upon the government to boldly delegate its powers to the local autonomous bodies so that the latter may expand the scope of their autonomy.

NCNP Counters 'Unfair' Prosecution Probes

*SK1910022195 Seoul THE KOREA HERALD
in English 19 Oct 95 p 2*

[FBIS Transcribed Text] The main opposition National Congress for New Politics (NCNP) yesterday decided to take stern action to counter what it considers to be "unfair" probes of its party members by the prosecution.

"Unless the prosecution starts investigating members of the ruling party who are accused of violating the election law, we will file a complaint against them," said NCNP spokesman Pak Chi-won.

The NCNP spokesman's statement followed the arrest of Chonju Mayor Yi Chang-song Tuesday on suspicion of bribing delegates to be nominated for the local elections last June.

After his election, Lee switched to the NCNP from the opposition Democratic Party, on whose ticket he ran during the elections.

Earlier, the prosecution also arrested two lawmakers of the main opposition party on graft charges.

The main opposition party has lashed out at the government, claiming the prosecution is biased in its investigations.

"It's sheer oppression against our two-month-old party," said spokesman Pak.

Under the leadership of Kim Tae-chung, an archrival of President Kim Yong-sam, the NCNP was inaugurated Sept. 5 and aspires to become the largest party in next April's general elections.

The main opposition party plans to lodge a complaint against a chief prosecutor, charging that he leaked bribery allegations involving Rep. Pak Un-tae to the press before launching a formal investigation into his case.

The party is also moving to bring charges against Kim Yun-hwan, chairman of the ruling Democratic Liberal Party, who it claims engaged in pre-election campaigning before the June local polls.

Kyonggi Gov. Yi In-che and Incheon Mayor Choe Ki-son, who are affiliated with the ruling party, are also

accused by the NCNP of violating the election law during the local elections.

"I don't know why the prosecution is not investigating their cases. If the prosecution does not take action soon, we will," said spokesman Pak.

The ruling party, meanwhile, dismissed as "outrageous" the NCNP's claim on the preelection campaign by its chairman Kim Yun-hwan.

"The main opposition party's claim is far from being true. And we will take countermeasures if it takes legal steps against Kim," said a ruling party spokesman.

Former President Said To Hold Secret Accounts

SK1910102395 Seoul YONHAP in English
0708 GMT 19 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 19 (YONHAP) — Rep. Pak Kye-tong of the opposition Democratic Party claimed Thursday that former President No Tae-u's secret funds totaling some 400 billion won (about 520 million U.S. dollars) had been deposited among 40 10-billion-won accounts with Sinhan, Tonghwa and several other banks for safekeeping as of Feb. 1, 1993, less than a month before he retired, demanding that the government investigate the alleged secret accounts.

He made the assertion in the text of his interpellation released before he questioned related cabinet ministers about political affairs in the National Assembly.

A 10-billion-won account, presumed to be one of the 40, has been found at Sinhan Bank's Sosomun branch and it, carrying the serial number ho 302-38-001672, is in the name of Ha Pom-su of the Uil Co., according to the text.

Pak said he had been told about the account by Ha's son and attached a copy of the its balance statement issued by Sinhan Bank on Oct. 17, 1995, to the text as evidence.

Ha learned of the 10-billion-won, registered in his name only, several days ago when tax authorities assessed a tax of about 700 million on his income from financial assets and, as he had no money to pay the tax, he asked for Rep. Pak's help, giving him the account's balance statement. [graf as received]

Rep. Pak said he had found that the account in question was opened, with the entry of 10 billion won, in Ha's name on Feb. 1, 1993, during his checks of the account's history with Sinhan Bank.

He asserted that his meetings with bank officials have led to the conclusion that No's secret 400-billion-won fund still remains intact, deposited among 40 accounts with several banks.

According to the information he got from Ha's son and bank officials, the money in question had been deposited with the Hyoja-tong branch of the Commercial Bank of Korea until the end of January 1993, and former lawmaker Yi Won-cho who managed the funds instructed several banks to open 40 borrowed-name accounts where he could then distribute the funds equally among them to ensure their safety on Feb. 1, 1993, Pak explained.

Sinhan Bank was allotted 60 billion won and deposited 30 billion of the alleged secret funds equally among three 10-billion-won borrowed-name accounts opened at the Sosomun branch — one in Ha Pom-su's name, another in the name of a brother-in-law of Yi U-kun, then branch manager, and the other in the name of a brother-in-law of Yi Hwa-ku, then assistant branch manager.

Mayor Arrested for Election Law Violation

SK1810020195 Seoul YONHAP in English
0057 GMT 18 Oct 95

[FBIS Transcribed Text] Chonju, North Cholla Province, Oct. 18 (YONHAP) — Chonju Mayor Yi Chang-song was arrested Wednesday on charges he violated the public officials' election and election fraud prevention laws and for rigging a construction bid.

The Chonju district court issued an arrest warrant for Yi, sought by the Chonju district prosecutor's office, at around 00:20 AM Wednesday [1520 GMT 17 October].

The prosecution's request for the arrest warrant followed a 12-hour investigation of Yi for allegedly violating the election laws and for obtaining in advance the predetermined acceptable bid price for the Mt. Moak tourist resort construction project.

Yi is suspected of having given two 10 million-won checks, issued by the Tonghwa Bank, to Kim Sam-chu, 43, a delegate of the opposition Democratic Party's Chonju-Wansan district chapter, on April 6, asking him to work for his nomination as the party's candidate for the Chonju mayoralty. Yi also asked Kim to obtain the support of Rep. Y.T. (Yong-tal) Chang, a democrat elected from the Chonju-Wanju district.

Mayor Yi also allegedly gave 2 million won in cash to both Kim, on May 14, and Kim Kyong-kon, 32, organization chief of the Chonju-Wanju district chapter, on May 15, in order to gain their support for his bid to become the opposition party's Chonju mayoral candidate.

Yi, as the owner of Yusong General Construction Co., is suspected of having rigged a bidding for the Mt. Moak tourist resort construction project, winning

the project at a price of only 19,700 won above the reserve price of 3,210,176,300 won. He obtained information on the exact amount of the reserve price in advance from Hwang Ha-yon, 59, former deputy Wanju County commissioner at his mayoral office on Aug. 1, prosecution sources said.

Prior to his arrest, Yi told reporters, "The suspicions about me as announced by the prosecution differ from the facts. I'll reveal the truth in a trial."

Yi's arrest brought the number of people arrested in connection with his alleged election law violations and bidding scandal to six, including Hwang Ha-yon, former deputy Wanju County commissioner.

Doctors Sign Petition Calling For Kwangju Law

SK1710083795 Seoul YONHAP in English
0604 GMT 17 Oct 95

[FBIS Transcribed Text] Seoul, Oct. 17 (YONHAP) — Some 2,300 medical doctors from across the country have joined forces with students, teachers, lawyers and a number of civic organizations, pressing for the enactment of a special law that would allow former Presidents Chon Tu-hwan, No Tae-u and others to be indicted for their roles in the armed suppression of the Kwangju citizens' democratization movement in May 1980.

Former Seoul National University Hospital head Hong Chang-ui and some 10 practicing physicians held a press conference in Seoul Tuesday to announce a petition signed by 2,376 doctors and surgeons from across the country, calling for the enactment of the special law.

Among those who signed the statement were not only young junior doctors but also senior medical college professors, including Prof. Cho Han-ik of the College of Medicine at Seoul National University.

The truth about the bloody suppression of the Kwangju uprising should be brought to light through an in-depth investigation of those found responsible for the incident in order to establish a healthy and just society, the statement stressed.

ROK-Made Submarine Rescue Ship Launched

SK1810100795 Seoul YONHAP in English
0802 GMT 18 Oct 95

[FBIS Transcribed Text] Koje, South Kyongsang Province, Oct. 18 (YONHAP) — A christening ceremony for the first Korean-made submarine rescue ship was held on Tuesday morning at the Okpo shipyard here, with a number of industry and military officials in attendance.

The vessel, dubbed "Chonghaejin," is designed to recover submarines and their crews in distress and can navigate at a speed of up to 18 knots per hour, according to a spokesman for Daewoo Heavy Ind. Ltd., the builder of the 4,330-ton rescue boat.

The 102 meter-long, 16.4-meter-wide and 8-meter-deep Chonghaejin is equipped with a deep-submergence rescue vessel, capable of making deep sea probes and rescuing survivors of wrecked submarines, the spokesman explained.

Helicopters can also take off and land on the ship, he added.

Daewoo will conduct several test cruises before it delivers the boat to the Korean Navy in the second half of 1996, the spokesman said.

South Korea currently has four submarines — the German-made "Changbogo," and the Daewoo-made "Yi Chon," "Choe Mu-son" and "Pak Wi," he noted.

Daewoo, SRV Transportation Firm Sign Pact

SK1910020095 Seoul THE KOREA TIMES in English
19 Oct 95 p 8

[FBIS Transcribed Text] The Daewoo Business Group plans to take part in Vietnam's comprehensive project for construction of a transportation system and its subsidiary enterprises.

Daewoo signed yesterday a contract with Vietnam's state-run transportation company Hanoi Car Service Co. (HCSC) to jointly participate in the project by setting up a joint venture, a group spokesman said.

The project is a major part of Vietnam's program to modernize its transportation network across the country, which includes production of buses, taxis and trucks, and construction of terminals, apartments, hotels, gas stations and other public facilities.

Daewoo will take 65 percent of the stake, and the remaining 35 percent will go to HCSC, the spokesman said.

He said Daewoo will invest a total of 136 million dollars for the project until the year 1998.

Daewoo will provide Vietnam with 500 inner-city buses for 25 lines of Hanoi city, 200 taxis and 150 trucks during the first half of next year.

The number of vehicles will increase to 4,000 by the year 2000, he said.

Korean Share of European Car Market Rising

SK1910025095 Seoul THE KOREA HERALD
in English 19 Oct 95 p 8

[FBIS Transcribed Text] While the car sales in the European markets remained flat this year, Korea's motor vehicle exports to the region sharply increased, triggering some concern about pressure from the European makers for wider opening of the Korean market.

According to reports from the Korea Foreign Trade Association's Brussels office, the combined automobile sales in 17 European markets in September dropped 3.7 percent from a year from the same month of 1994 to 853,000 cars.

The sluggish demand made the total West European car sales in the first nine months of this year stand at 9.34 million cars, or an increase of a mere 0.5 percent from a year ago, the report said.

In sharp contrast, Korean automobile sales in the West European market amounted to 16,079 cars, marking the heftiest increase of 104.9 percent from a year-earlier month among major car exporters to the region, it said.

Their first nine-month sales also soared 57.6 percent from a year earlier to 131,615 cars, with market shares jumping from 0.9 percent to 1.4 percent over the cited period.

The Japanese makers, which used to account for more than 10 percent of the European car market, saw their sales drop 1.4 percent from a year ago to 1.02 million cars, in the Jan.-Sept. period. Their market share in West Europe also slid by 0.2 percentage point to 10.9 percent.

The remarkable sales gains of Korean cars in West Europe, however, is expected to encourage the European auto companies to step up pressure to open the Korean market to their level in reciprocity, industry watchers here said.

Kia Moves To Counter Hostile Takeover Bids

SK1810013295 Seoul THE KOREA TIMES in English
18 Oct 95 p 8

[FBIS Transcribed Text] Kia Motors Corp. will increase its holding of equity shares, it and other friendly shareholders have, to 65 percent by early 1997 from the current 52.6 percent to protect itself from hostile takeover attempts.

Kia president Han Sung-chun yesterday unveiled the measures in a press conference, upon news reports that business groups are maneuvering to take over the automobile group.

Kia has been plagued by frequent talk about a hostile takeover attempt. The latest one took place last Tuesday when LG Group chairman Ku Pon-mu expressed his hope to take over Kia if possible during a meeting with reporters. Han said, "We are determined to beat off all attempts by increasing the equity share of our firm and related holders to 60065 percent by early 1997."

He elaborated that the Kia employee share ownership will increase to 20 percent from the current 11 percent and the company will buy an additional 3 percent and double the share ownership by its subcontracting firms to 4 percent. "Any attempt to take over Kia will fail," Han emphasized.

"We are preparing fail-safe devices against hostile takeovers," Han said, refusing to elaborate on details on grounds that the measures are related to business secrets of his firm.

He said that his company has been suffering from malicious rumors, that has shaken its credibility among its some 2,300 dealers and 1,800 parts makers. He firmly said that his company will seek legal action, such as libel suits, against damage from such harmful rumors.

Policymakers Explain Relationship With Chaebols

SK1810012795 Seoul THE KOREA TIMES in English
18 Oct 95 p 9

[Report by staff reporter Yi Chang-sop]

[FBIS Transcribed Text] Korea's policymakers explained the love-hate relationship they have with Korean big business groups to the OECD mission this week.

When the OECD mission visited the Ministry of Finance and Economy (MOFE) Monday, MOFE's Director General Chong Tok-ku listed three factors that differentiate Korea from other nations, especially OECD ones. The same message was said to have been repeated when Finance and Economy Minister Hong Chae-hyong met with the OECD group yesterday.

Chong said unlike the situation in other countries, Korea's big business groups, the chaebol, exercise enormous power over the Korean economy. The division of the Korean Peninsula also makes Korea different from other countries. He said Korea had had to control finance to realize the "concentrated" economic growth it achieved in such a short span of time.

The Korean chaebol played a key role in powering the nation's economy and Korea also needs the chaebol for future growth here, according to Chong, echoing the mixed feelings Korean policymakers have for chaebol.

He and many other MOFE officials indicated the government has no choice but to put the brake on big business groups when they deviate from the government's macroeconomic policy line.

One example is the recent rule requiring local firms to raise 10- 20 percent of the funds necessary for their overseas investment at home when they set up mega factories overseas valued at more than 100 million dollars.

MOFE officials said five major conglomerates are seeking to set up mega factories overseas out of political uncertainty about the future because the President's tenure is only a fixed five years and second terms are not possible. As they are unsure of the business policy the next president will follow, they want to move some of their factories overseas and hide some of their wealth offshore. By setting up overseas plants, business tycoons may be seeking to exert leverage over the future government leadership in Korea, analysts here have said.

The nation's 30 conglomerates are planning to invest 50 billion dollars, nearly five times the nation's net foreign debt, in overseas projects, according to internal data at the ministry.

This will be a heavy increase in the nation's foreign debt and will work to hollow out core Korean industries. In the past, local conglomerates have expanded investment overseas when they have been unable to become the leading group in the area. For example, the Daewoo group, unable to take the lead in automobiles and electronics in the home market, expanded its global production network. This was understandable, according to an MOFE official. But these days, market leaders such as Samsung Electronics are going offshore, he said.

On the other hand, Samsung Chairman Yi Kun-hui and other business group leaders criticized the government for its anachronistic attitude toward overseas investment, saying the government is mouthing globalization slogans while checking their moves to globalize their production bases.

Policymakers also hinted Korea is unable to adopt a 100 percent free-market economic system immediately precisely because of the prevalence of big business groups in Korea.

From a macroeconomic point of view, the government needs to check overseas expansion by major groups, an MOFE official said, to prevent a sudden hike in foreign debt and exodus of hi-tech firms offshore.

Policymakers justified controls over chaebol, saying if they are left unchecked, many small and medium-sized

firms will continue to go bust and industrial giants will eat away at independent financial companies in the domestic market, they added.

Korean policymakers also sought the OECD's understanding of the unique situation here posed by the division of the two Koreas. Requiring Seoul to meet all OECD-set entry requirements will backfire, MOFE officials indicated.

They said a sudden unification of the two Koreas may force them to intervene again in the economy until the two opposing systems are harmonized and the North Korean economy is smoothly incorporated into the capitalistic system.

Despite foreign claim of heavy control over economy and finance, Chong said Korea has been quickly deregulating the economy especially since the 1980s. For example, it took 12 years for Japan to deregulate interest rates. But Korea set free 93 percent of its in just two years since liberalization started in 1993. [sentence as published]

They also explained the so-called four-corners of Seoul's push for financial reform. The four main pillars of financial reform — deregulation, industry restructuring, market-opening and prudential regulation — must go hand in hand, MOFE officials said.

Market-opening cannot be pushed faster than domestic liberalization or vice versa. Without establishing a framework for prudential regulation, Seoul cannot push deregulation and restructuring in the financial sector, they said.

Firms 'Rushing' To Establish Finance Companies

SK1710071895 Seoul THE KOREA TIMES in English
17 Oct 95 p 9

[FBIS Transcribed Text] Major general trading companies are rushing to establish financial service firms overseas.

Samsung Corp. the trading arm of the same name group is planning to invest five million dollars in Chicago to set up a finance firm to promote sales of its machinery and heavy duty equipment.

Daewoo Corp. is launching an automobile financing firm in Peru. Sunkyong is setting up a 4 million dollar leasing firm in Jakarta. Ssangyong is eyeing a financing firm in Europe to boost its automobile sales.

They are using regulators to get a license. Until last year, the government banned local industrial firms from setting up finance companies overseas, not to mention creating finance firms domestically, out of fear that these

industrial giants might use their overseas units as a channel to divert capital out of the country.

Brunei, Malaysia & Singapore**Malaysia****U.S. GSP Withdrawal Will Not Affect Exports**

*BK1810141695 Kuala Lumpur RTM Television
Network 1 in Malay 1200 GMT 17 Oct 95*

[FBIS Translated Text] The U.S. decision to withdraw its GSP [Generalized System of Preferences] scheme from Malaysia effective January 1997 will not affect Malaysia's exports to that country. Mr. Syahmudin Tun Hussein, parliamentary secretary to the Ministry of International Trade and Industry, said the ministry has urged exporters to prepare themselves for the GSP withdrawal for a long time, and Malaysia will not appeal the decision. The government has no idea if there is any correlation between Washington's decision and Malaysia's firm stand on international issues.

The parliamentary secretary was replying to a question by Melaka Member of Parliament Lim Guan Eng. Malaysia's exports to the United States under the GSP scheme stood at 2.238 billion ringgit in the first six months of 1995—or about 13 percent of the total exports to that country. Malaysia also enjoys GSP facilities from the European Union, Japan, Canada, Switzerland, Norway, Australia, and New Zealand.

Commentary Views Trade Ties With Peru

*BK1810132595 Kuala Lumpur Voice of Malaysia
in English 0810 GMT 18 Oct 95*

[Station Commentary]

[FBIS Transcribed Text] Malaysia sees Peru as a good trading partner and a very good place to invest. To turn this to reality, it is necessary for the two countries to have frequent meetings and discussions among officials and ministers so that both could benefit from each other's experience. On top of that, Malaysian businessmen should move into Peru in areas where they have the expertise like mining, food production, and leisure industries. Efforts should also be made to identify products of Peru which can be of use in Malaysia and what can be exported to the Latin American republic.

This was one of the outcomes of the first official visit made by the prime minister, Datuk Sri Dr. Mahathir Mohamed, to Peru last week. Bilateral trade between Malaysia and Peru has grown steadily over the past few years to about US\$100 million last year. Apart from that, a lot of effort had been made at various levels between Malaysian businessmen and their Peruvian counterparts to intensify trade.

Since Malaysia had privatized several of its government companies and functions, it had some experience in the area of privatization and in fact, had participated in privatization in other countries. For example, Malaysia can participate in areas such as power generation and distribution as well as in the communications industry.

The signing of several bilateral agreements during the visit would also further promote trade and economic activities between the two countries. Peru is actually already looking at Malaysia as a special model in undertaking its economic development programs. The Peruvian Government is impressed with the economic progress attained by Malaysia and is looking forward to share the experience with Kuala Lumpur towards achieving their planned economic advancement. To them, the next step would be to enhance the existing close bilateral relations between the two countries.

Apart from promoting greater flow of trade between them, Peru also offers opportunities to Malaysian investors to participate in the development of its rich natural resources in mining, tourism, and oil palm plantation activities.

According to Peruvian President Alberto Fujimori, he is looking at the Malaysian model in attracting investment to promote Peru's capital growth. Peru had adopted an open economic system following the liberalization of its economy and foreign investors enjoy similar incentives offered to local investors, such as tax exemption. The economic and political stability and high economic growth attained by Peru over the past few years is a selling point to foreign investors.

Philippines**PRC Protests Presence at Taiwan Ceremony**

*BK1910120395 Hong Kong AFP in English
1146 GMT 19 Oct 95*

[FBIS Transcribed Text] Manila, Oct 19 (AFP) — The Chinese embassy here has protested the presence of Filipino officials at a ceremony marking Taiwan's 84th national day celebrations last week, the mission's spokesman said Thursday.

Embassy spokesman Zhang Tiegen said political counsellor Peng Zengjiu held private talks with officials of the Philippine Department of Foreign Affairs on Tuesday to convey Beijing's displeasure.

Zhang said the protest stemmed from photographs showing Philippine armed forces chief General Arturo Enrile and Manila Mayor Alfredo Lim raising their glasses in a toast at a reception on October 10. The photos were published in several Chinese-language newspapers here.

"The Philippines and Taiwan have no diplomatic relations so we hoped not to see any Philippine officials attending Taiwan's double- 10 celebrations," Zhang said.

Manila has observed a one-China policy since establishing diplomatic ties with Beijing in 1975. But it has also maintained robust trade ties with the wealthy island-state, which mainland China regards as a rebellious province, and the Taipei Economic and Cultural Office in Manila serves as Taiwan's de facto embassy.

Taiwan marks October 10 as its national day in honor of Sun Yat Sen's revolution in 1911 that toppled the Ching dynasty. The communist victory in 1949 forced the nationalist forces to withdraw to the tiny island.

Talks With SRV Over Spratlys Set for 30 Nov

*BK1910045195 Quezon City Radio Filipinas
in English 0230 GMT 19 Oct 95*

[FBIS Transcribed Text] The Philippines and Vietnam will hold high-level talks over the Spratly islands next month and are expected to forge a code of conduct governing the settlement of their rival sovereignty claims. This was announced by a senior foreign affairs official. The three-day talks, the Philippines and Vietnam's first ever substantive discussions over the territorial dispute will open on 30 November at Hanoi. Rodolfo Severino Jr., foreign affairs undersecretary of the Philippines, will head the Philippine delegation while the Vietnamese panel will be led by Deputy Foreign Minister Vu Khoan. The Philippines and Vietnam, along with China, Taiwan, Brunei and Malaysia claim in part or in whole the Spratlys — a cluster of atolls, islets and reefs in the South China Sea — thought to sit atop vast gas and oil deposits.

Manila's meeting with Hanoi comes at the heels of similar talks with China in August, months after Chinese troops occupied a Philippine-claimed reef in the Spratlys.

At the close of October talks in Manila, the Philippines and China agreed to honor a code of behavior that will bind the two countries to settle their sovereignty disputes through friendly negotiations.

Ramos Urges Abandonment of Nuclear Weapons

*BK1910014695 Quezon City GMA-7 Radio-Television
Arts Network in Tagalog 2230 GMT 18 Oct 95*

[FBIS Translated Text] President Ramos called on the Non-Aligned Movement [NAM] in Cartagena, Colombia to pursue the total abandonment of nuclear weapons all over the world. The president made the call during the 11th NAM Conference of heads of states at a convention center in Cartagena. According to the president,

the NAM — which is comprised of 112 developing nations — should strengthen the campaign against nuclear arms.

Siazon: Protests Against Nuclear Tests 'Futile'

*BK1910050295 Manila PHILIPPINE DAILY
INQUIRER in English 14 Oct 95 p 5*

[Report by Gerry C. Lirio]

[FBIS Transcribed Text] Foreign Secretary Domingo Siazon said the government's protest over France's resumption of nuclear testing in Mururoa Atoll was futile from the start.

France has refused to heed the calls of all countries around the Pacific to stop the nuclear drill. But unlike the Philippines, other protesters such as Australia and New Zealand have taken a bolder step to dramatize their protest. They ordered a boycott of French products in their respective countries.

Siazon said the Philippine Government can do no more than "reiterate" its protest.

"France is not listening to us," he said. "And we can't do no more than that — unless we are prepared to take harsher steps."

President Ramos has ruled out calls to order a boycott of French products in the country.

Under the diplomatic set-up, a country which has received a note verbale would offer an apology or talk to the foreign officials of the complaining country. Siazon said France did not do or express to do either of the two diplomatic options.

Instead, France sent the government a letter maintaining that it would push through with the tests because they badly needed them, Siazon said.

Thailand

UN 'Unlikely' To Act on Thanat Allegations

*BK1910084195 Bangkok BANGKOK POST
in English 19 Oct 95 p A1*

[Unattributed Report]

[FBIS Transcribed Text] The United Nations is unlikely to do more than take note of what Thanat Khoman has to say about alleged American interference in Thai affairs, it was revealed yesterday.

A senior UN source firmly ruled out the possibility of a debate at, or any action by, the world body over American drug-trafficking allegations against certain Thai politicians.

"Absolutely not," said the source when asked whether the UN might take action.

On Tuesday Thanat, a member of the Thai delegation to the 50th session of the UN General Assembly [UNGA], threatened to bring up his accusations at the UN.

As a member of the delegation, Thanat may take part in the deliberations of any of the six committees (political, economic, social, decolonisation, budget and legal) working on draft resolutions for adoption by the UNGA when it is wrapped up in December, the source said.

But the issue must be on the agenda. During the fortnight-long general debate when the UNGA opened in September Thailand had been entitled to propose the issue for adoption on the agendas of the committees.

Thanat may raise the issue informally. He would then probably be reminded by the committee chairperson that the matter was not on the agenda but that it had been noted.

"He can say what he wants, and other countries have the right of reply," the source said.

It was not uncommon for countries to attack each other at UN committees and for bilateral issues to be raised, for this was the purpose of the UN the source said.

The Palestine issue, tension between India and Pakistan, and the recent Sino-US dispute were examples of problems raised in this way.

Thanat could also ask the UN Information Division to call a special press conference or speak informally to reporters, the source said.

Foreign Minister M.R. Kasemsamoson Kasemsi confirmed yesterday that Thanat was part of the official Thai delegation.

"He can raise the issue in his capacity as a member of the Thai delegation to the UNGA," M.R. Kasemsamoson said.

There was some confusion over the capacity in which Thanat will be going to New York.

Foreign Ministry sources said Thanat had been nominated by the Prime Minister's Office, not by the Foreign Ministry as in previous years, and his official title was "special adviser to the Thai delegation."

But Prime Minister's deputy secretary-general Wirasak Khosurat said Thanat would be going as "special adviser to the Foreign Ministry."

Wirasak said that although they would meet at the UN, Thanat's trip would not have anything to do with that of

the Premier, and Thanat would not join Banhan Sinlapa-acha in visiting other parts of the US.

The Prime Minister leaves for New York today, Thanat on Saturday.

Deputy Prime Minister Thaksin Chinnawat, who was foreign minister for three months in the Chuan Likphai government, said yesterday foreign relations were a "delicate matter".

Premier Seeks Long-term 'Vision' for Future

*BK1910045895 Bangkok THE NATION in English
19 Oct 95 p A1*

[Unattributed report]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha has ordered the National Economic and Social Development Board to come up with a long-term "vision" for Thailand, saying projected growth figures alone are not enough to chart a proper course for the country.

Banhan told officials that many countries were already shaping national visions for the years 2000 to 2010, according to Kosit Panpiamrat, the prime minister's chief economic adviser.

"We should have that kind of vision, too," Banhan was quoted as saying. "Figures on economic or per capita income are not enough. We should have a broad and complete picture. For example, how should we project quality of life in the rural areas after this century? Or what should be done about education?"

"Without a comprehensive framework, our work will be without direction."

Kosit said Banhan was supported by Deputy Prime Minister Thaksin Chinnawat, who said a national vision was also essential when competition with foreign countries was involved.

The prime minister also said that he wanted the private sector and nongovernmental organizations to play a bigger role in helping the government distribute wealth and development to rural areas.

Kosit criticized the previous government for not being "coordinative", resulting in a "free for all" by government agencies and the private sector.

Kasemsamoson To Visit Burma Before Premier

*BK1910045495 Bangkok THE NATION in English
19 Oct 95 pp A1, A3*

[Report by Kunlachada Chaiphiphat]

[FBIS Transcribed Text] Foreign Minister Kasemsamoson Kasemsi said he will visit Burma next month to prepare for an official visit to the country by Prime Minister Banhan Sinlapa-acha in December before the Fifth ASEAN Summit Meeting.

In an interview with THE NATION on Tuesday, Kasemsamoson said his trip will also reaffirm Thailand's commitment towards ASEAN's "constructive engagement" policy toward Burma.

"We are willing to turn our attention to the Burmese people. We believe in communication and cooperation," he said.

Defending "constructive engagement", he said unlike Western approach, it does not undermine the interest of the people. "ASEAN is a good organization. It has good code of conduct that helps enable members who come in to become reasonable and sensible," he said.

Kasemsamoson was critical of Western pressure against Burma. He said earlier during the ASEAN Ministerial Meeting in Brunei that it alone could not influence the Burmese military junta's decision to release opposition leader Aung San Suu Kyi from house arrest in July.

Thailand is also the first ASEAN country to open dialogue with Suu Kyi, a move that irritated Rangoon. But according to Kasemsamoson, the ministry has already cleared up any misunderstanding over the initiative and maintained that the visit to Suu Kyi's home by Thailand's ambassador to Rangoon was meant to be informal.

Kasemsamoson's trip to Burma is tentatively set for Nov 12 and 13, but the ministry is still waiting for official confirmation from Rangoon.

Banhan has said he would possibly visit Burma to get acquainted with the junta leaders first, including Gen [General] Than Shwe, before they meet at the ASEAN Summit in Bangkok on Dec 14 and 15.

Kasemsamoson said it is high time channels of communication at high government levels was restored. "In the past we lost communication. When there is no communication, there is no diplomatic maneuvering possible," he said.

Banhan's trip to Burma will be the first in 10 years by a Thai prime minister. Former premier Gen Prem Tinsulanon was the last head of government to do so.

Thailand, as host of the upcoming gathering of ASEAN heads of government, has already issued an official invitation to Than Shwe, also Burmese prime minister, to attend the meeting as its guest. Counterparts from Laos and Cambodia which have yet to become ASEAN members will also be invited.

Asked whether Banhan's trip could be realized before the ASEAN Summit, Kasemsamoson said, "The sooner the better."

Kasemsamoson's trip is made easier by a visit by Deputy Prime Minister and Defence Minister Gen Chawalit Yongchaiyut in August.

Chawalit discussed with Burmese leaders ways to calm the border tension that escalated earlier this year over a number of border incidents, including Burmese troops' military offensive against armed ethnic minorities residing along the border and the suspension of construction of the first Thai-Burmese bridge across Moei River.

The latest incident involved the murder of Burmese fishermen aboard Thai-operated trawlers, which led to the closing of border crossing in Ranong province.

Other crossing points in Chiang Rai and Tak were previously closed due to fighting between Burmese troops and ethnic insurgents.

Vietnam

National Assembly Issues Communiqué No. 13

*BK1810160795 Hanoi Voice of Vietnam Network
in Vietnamese 1430 GMT 18 Oct 95*

[Communiqué No. 13 issued by the Vietnamese National Assembly in Hanoi on 18 October]

[FBIS Translated Text] Today, the National Assembly worked at the conference hall under the direction of National Assembly Chairman Nong Duc Manh. The National Assembly continued discussing implementation of the 1995 tasks and orientations and tasks for 1996.

Before the discussion, National Assembly Chairman Nong Duc Manh presented a number of issues concerning the state budget which need concentrated discussions for clarification.

Twelve members of the National Assembly aired their views: Nguyen Thanh Cao of Kon Tum, Nguyen Duc Hoan of Quang Tri, Dang Quoc Tien of Bac Thai, Vu Hung Dung of An Giang, Vo Tong Xuan of Can Tho, Vu Dinh Cu of Hanoi, Vo Van Luoc of Binh Dinh, Nguyen Van Tu of Dong Nai, Phan Minh Thanh of Tien Giang, Mua Thi My of Lai Chau, Lo Thi Luyen of Son La, and Dam Van Nguy of Cao Bang.

The National Assembly deputies focused their views on evaluating implementation of the 1995 socioeconomic tasks and the state budget, and on deciding on major approaches to be adopted to implement those tasks proposed for 1996.

As for the state budget, the deputies raised various issues related to the need to increase revenue, practice thrift in spending, achieve a balance between revenue and expenditure, economize on spending, reduce over-spending, carry out decentralization of budgetary management in accordance with sectors and areas of responsibility, and readjust the tax policy.

With regard to various socioeconomic tasks, the deputies focused their views on the following issues:

- investing in capital construction, investing in various sectors and key economic zones, investing in the building of grass-roots establishments for rural and mountain regions, and carrying out communications planning.
- popularizing education, establishing an educational fund and a policy for teachers, drafting academic programs, and ensuring the quality of textbooks.
- improving the effect of state management, streamlining the management mechanism, applying the recruitment system for civil servants and the systems and policies for grassroots-level cadres, and the wage system.

During the course of the discussion, Chairman of the State Planning Commission Do Quoc Sam; Minister of Education and Training Tran Hong Quan; and Minister of Finance Ho Te presented their views, providing further explanations on a number of relevant issues.

In the morning session, the Swedish Parliamentary delegation headed by its chairperson, Mrs. Brigitta Dahl, paid a courtesy visit to our National Assembly. The chairperson delivered a speech, dealing with unity, friendship, and genuine support given by the government and people of Sweden to our people in the cause of national construction and defense. She also highly valued those achievements scored by our people in the cause of renovation.

On behalf of our National Assembly, National Assembly Chairman Nong Duc Manh, hailed the beautiful words of the chairperson, Mrs. Brigitta Dahl, and expressed his gratitude to the parliament, the government, and the people of Sweden for the friendly sentiments and the wholehearted assistance they have reserved for our National Assembly, government, and people in the past as well as at present.

The National Assembly will continue its discussions at the conference hall on 19 October.

Leaders Receive Swedish Parliament Speaker

BK1810155695 Hanoi VNA in English
1515 GMT 18 Oct 95

[FBIS Transcribed Text] Hanoi VNA Oct.18 — Party General Secretary Do Muoi, Prime Minister Vo Van Kiet and Vice President Nguyen Thi Binh received here this afternoon on separate occasions speaker of Sweden's parliament Brigitta Dahl, currently on a week-long visit to Vietnam.

The Swedish speaker expressed her belief that the Vietnamese people would be successful in building a wealthy country, a happy life, and that the friendship and cooperation between the two parliaments and two peoples would be further consolidated and developed.

The party leader informed the Swedish guests of the Vietnamese party and government's policy to continue the renovation process, and expressed his gratitude to the Swedish parliament, government and people for their whole-hearted support to the Vietnamese people's struggle for national independence and national construction. He asked the Swedish delegation to convey his regards to the king and the prime minister of Sweden, and wished the Swedish people more achievements in their making of a prosperous country.

Prime Minister Vo Van Kiet expressed his satisfaction at the new development of the multi-faceted relations between the two countries. He described Sweden's joining in the European Union (EU) as a favourable condition for further development of the Vietnam-Sweden relation in the interest of each side. He recalled his good memory and warm sentiment during his official visit to Sweden, and thanked Sweden for its valuable assistance and support to the Vietnamese people.

For her part, the Swedish speaker described Vietnam's accession to ASEAN as an important event of the region. She noted that the present situation is favourable for the two countries. To promote their bilateral cooperation for the benefits of the two nations. She said that Sweden should pay more attention to the investment into and cooperation with Vietnam, in accordance with its potential, to contribute to the development of each country. She wished Vietnam to gain greater achievements in their renovation process.

Speaking to the Swedish guests, Vice State President Nguyen Thi Binh expressed her pleasure at the fine development of the bilateral friendly and cooperative relations. She wished that the Vietnam visit by speaker Dahl would promote the effective cooperation between the two countries.

Ms. Brigitta Dahl exchanged view with Vice President Binh and other female NA [National Assembly]

deputies on cultural, educational and social issues and their experience in their work and informed each other of the activities of the parliament in each country.

Do Muoi Receives Indonesian Investor

BK1810154195 Hanoi VNA in English
1526 GMT 18 Oct 95

[FBIS Transcribed Text] General Secretary Do Muoi received here today Mr. Pra Ciputra, president of the Ciputra group, one of four largest economic groups in Indonesia.

During the reception, Mr. P. Ciputra, chairman of the International Real Estate Council and the Asian Real Estate Council, presented a project on establishing a JV [joint venture] company between his group and Hanoi to construct a 400-hectare business centre in the south of the Thang Long Bridge with a total investment capital of around USD 2.5 billion.

This project will be an opportunity to share the group's experience with its Vietnamese counterparts and to carry out the Indonesian Government policy of encouraging economic cooperation between the two countries, he said.

The general secretary highly valued the group's goodwill and wished it to become a symbol of the friendship between the two peoples.

Foreign Ministry Exchanges Views With ROK

BK1810153395 Hanoi VNA in English
1509 GMT 18 Oct 95

[FBIS Transcribed Text] Hanoi VNA Oct.18 — The first regular exchange of view between the foreign ministries of Vietnam and South Korea was held here from Oct. 15-18.

The exchange took place in an atmosphere of friendship and openness.

The two sides informed each other the situation and external policies of their countries and discussed measures to strengthen and broaden their bilateral cooperation. They also exchanged view on international and regional issues of common concern and expressed their wishes to contribute to peace, stability, cooperation and development in the Asia-Pacific region as well as in the world.

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